

OVERSEAS NEWS

Malaysian PM faces crisis as deputy resigns

BY WONG SULONG IN KUALA LUMPUR

DATUK Musa Hitam, the Malaysian deputy Prime Minister and Home Affairs Minister, has tendered his resignation from the cabinet, presenting Dr Mahathir bin Mohamed, the Prime Minister with the most serious political challenge in his four and half year rule. Dr Mahathir is reported to have summoned an emergency meeting of the ruling United Malays National Organisation's supreme council today to discuss the crisis before deciding whether to accept or reject the resignation. Party officials said there could be a last minute effort to find an accommodation, but added differences between the two men were fundamental and there was little hope of a reconciliation. It has been an open secret for some time that Dr Mahathir and Datuk Musa were having major policy differences, including management of the economy and the federal government's handling of the political problems in Sabah. The split between Dr Mahathir and Datuk Musa can be traced back to a reshuffle 18 months ago when the Prime Minister appointed his own men to strategic positions in the Government and party, effectively isolating his deputy. In particular, Datuk Musa supporters resented the appointment of Mr Daim Zaiduddin to the influential finance ministry who saw him a threat to Datuk Musa's succession to the post of Prime Minister. Datuk Musa's resignation could not have come at a worse time for Dr Mahathir, whose own image and credibility is at a low ebb and who has to fight a difficult general election before April next year. During the past two years, his administration has been hit by a series of political and financial setbacks, including the Bank Bumiputra Hong Kong loan affair, an upsurge in Islamic extremism and a downturn in the economy. However, the Prime Minister has vowed to stay in office and take on any challenge that comes his way. Recently, he embarked on a nation-wide campaign to explain his policies. Dr Mahathir, who is 61, appointed Datuk Musa, 58, as his deputy after the latter won the Umno deputy presidency in July 1981 against Tengku Razaleigh, the former Finance Minister.



Jaime Ongpin

Philippine finance chief homes in on corruption

By Chris Shevill in Manila

JAIME ONGPIN, named this week as the Philippines Finance Minister, has experienced first-hand the country's economic decline under Mr Ferdinand Marcos and witnessed even more closely the rise to power of President Corason Aquino. As president and chief executive of Benguet Corporation, one of the country's biggest mining concerns, he has seen the devastating impact of escalating inflation, a depreciating peso, sky-high interest rates and crashing investment. As one of Mrs Aquino's closest advisers, he has encouraged her to run for office, helped formulate the policy positions laid out in her election campaign and given crucial advice as she pressed her claim to the presidency following the disputed February 7 poll. Well-known in the Manila business community, "Jimmy" Ongpin, 47, is a graduate of Ateneo de Manila, a prestigious Jesuit educational institution, and gained a masters in business administration from Harvard University. He has spent most of his professional life at Benguet.

Roger Matthews in Cairo explains the background to the latest threat to stability Egyptian rioting symbolises deeper malaise

THE EGYPTIAN authorities can be expected to learn something during the next few days about the degree of planning and organisation that went into this week's widespread rioting by members of the Central Security Forces. But the capture and interrogation of the ring-leaders is unlikely to provide much reassurance for President Hosni Mubarak that the stability of the country will not be similarly threatened in the months ahead. Such answers as there are to this week's crisis almost certainly lie in the deep economic and political malaise which Egypt is suffering. When Mr Mubarak came to power in October 1981, after the assassination of President Anwar Sadat, his low key and deeply cautious style of leadership was greeted with a certain relief. But unlike Mr Sadat and President Gamal Abdel Nasser before him, Mr Mubarak has subsequently developed neither an inspirational style nor a clear political philosophy apart from his sincere attempt to introduce a little more democracy.

High-level talks due to resume next Monday in Cairo between Israel and Egypt over the disputed Taba border region, and the normalisation of bilateral relations, are likely to be postponed as a result of the Egyptian disturbances, reports Andrew Whitely from Tel Aviv. This would have been the third round of the resumed talks, which were already threatening to get bogged down in petty squabbling. However, the outbreak of the Cairo riots is a pointed, and timely, reminder to the coalition Israeli Government of the delicate path President Hosni Mubarak has to tread in attempting to improve Egypt's cool relations with Israel. Publicly, Israeli officials have remained silent over the disturbances, anxious not to aggravate Mr Mubarak's position. Privately, though, they are most concerned about the long-term consequences for bilateral relations and a possible increase in border tension.

majority of the population existing at close to subsistence level has for more than a decade made them extremely reluctant to engage in the basic economic reforms advocated by international organisations, particularly the International Monetary Fund (IMF). Since the riots of January 1977, most of the soundly-based economic arguments for reform—especially on the critical issue of subsidies on basic commodities which most affect the poor—have been vetoed for political reasons. This historic insistence on protecting Egyptians from the impact of increasing world prices has led inexorably to larger budget deficits and sharply higher import bills. Now, through no fault of its



Mubarak... cautious

own, the Government has to face the impact of a recession in the Gulf, which will reduce the level of remittances sent home by Egyptian workers, and a collapse in the world price of oil, which has already forced the country to halve its own oil exports. Few foreign bankers in Cairo doubt that without a sharp reversal in external fortunes, Egypt will in the next year or so, face a critical balance of payments problem. The fall in the price of oil, coupled with the reduction in output and the damage caused to tourism earnings, may slash more than \$1bn from foreign exchange receipts this year. The Commission examined 13 witnesses including experts from Boeing of the US, which manufactured the aircraft, Air Canada which was concerned with air safety in Canada, Air India and investigators from the British Department of Trade and Industry. As in 1977, it was the army which was called out to restore order, a reminder that in Egypt it remained the ultimate arbiter of political change.

Banks agree to reinstate Moroccan debt agreement

BY FRANCIS GHILES

THE 200 odd banks involved in the rescheduling of Morocco's commercial debt have agreed to reinstate the rescheduling of \$500m (\$370m) debt which fell due in 1985 and 1986. This follows the payment by Morocco earlier this month of \$65m in arrears and interest which should have been paid last December. Failure to meet a repayment deadline which had been extended from early December to January 6 had, momentarily, threatened to invalidate the rescheduling agreement reached last October after two years of negotiations. The steering committee of banks chaired by Banque Nationale de Paris and Citibank are expected to start negotiating shortly to arrange the rescheduling of about \$900m of debt falling due in 1985 and 1986. Morocco's Gross Domestic Product rose by 4.8 per cent last year while prices rose by 7.7 per cent. The trade deficit increased marginally in \$1bn. The cost of certain imports, particularly sulphur used in the phosphoric acid industry, rose faster than the value of exports though certain sectors registered an excellent performance. The value of fertiliser exports rose by 60 per cent while exports of copper in the textile industry rose by 23 per cent. However, the value of phosphate rock exports was stagnant while that of phosphoric acid declined by 15 per cent. Tourist receipts increased by 40 per cent. The balance of payments recorded a Dirham 1.1bn surplus and this enabled the Central Bank to start rebuilding the Kingdom's hard currency reserves. Meanwhile, the decline in the price of crude oil, imports of which cost the Kingdom over \$1bn last year, and a second winter of plentiful rain which should provide another good cereal crop will help to improve the performance of Morocco's economy this year. The decline in the value of the US dollar will also help to lighten the burden of the country's foreign debt.

South Korean President to visit Europe

MR CHUN DOO-HWAN, the South Korean President, will make state visits to Britain, West Germany, France and Belgium in April to boost relations with the European Community, Renter reports from Seoul. It will be the first state visit by a South Korean President to Europe. Exact dates of the visits have yet to be worked out. During the trip Chun will have talks with Mrs Thatcher, the British Prime Minister, Mr Helmut Kohl, the West German Chancellor, Mr Francois Mitterand, the French President, and Belgium's King Baudouin. Officials said economic co-operation between South Korea and Western Europe would dominate the discussions. Security on the Korean peninsula would also figure highly. Businessmen said they were turning increasingly towards West European countries and the US for high technology because Japan was reluctant to share its technical know-how in the face of growing competition from South Korea. Trade between the community and South Korea totalled \$4.1bn (\$4bn) in 1984 and diplomats said the trade volume could double soon. Britain, West Germany, France and Belgium are competing for multi-billion-dollar projects in South Korea, including nuclear power plants, telecommunications satellites, and high-speed train systems.

Colombo uses aircraft against Tamils

SPI LANKA aircraft and helicopters gunships conducted air strikes in the northern peninsula yesterday in what the Defence Ministry called a pre-emptive action. Mervyn de Silva reports from Colombo. Intelligence reports had been received of an imminent and massive combined operation planned by separatist Tamil rebels against army camps in the north. This is the second time the use of aircraft, although Tamil citizens' committees have complained of air attacks since January in yesterday's action three persons were killed and several injured. In an air strike last week the Government said eight rebels and five civilians were killed. A spokesman for the Sri Lankan Government in Colombo said that a Hindu priest and a 60-year-old woman were among those killed. The Indian Government, meanwhile, made its toughest statement on the Sri Lankan conflict. The External Affairs minister, Mr Bhagat, spoke of "elements of genocide in the killing of Tamil civilians. The violence has reached "dangerous proportions" and caused "severe repercussions" on India. The restoration of conditions in which the Sri Lankan Tamil refugees could return to the island was a problem of "very high priority" he said.

Jaime Ongpin finally became actively involved in backroom opposition politics after an event which changed many Filipinos' lives—the brutal assassination in August 1983 of Mr Benigno Aquino, Mr Marcos's most incisive political opponent. Within 15 months he and Mrs Aquino were spearheading efforts to find a single opposition candidate to fight Mr Marcos at the next election. Throughout this period Mr Ongpin would serve as a basis of depression as the economy and political picture deteriorated. So grim did the prospects of change become that, at one point in 1984, he felt that only a US intervention could reverse the trend. Even after this month's controversial poll he continued to see the US as hiding its time. When Mrs Aquino decided at this point on an initial limited campaign of non-violent protest, many at home criticised her for being insufficiently aggressive. But Mr Ongpin was clear about the need to test public support cautiously. "If we fall now," he said revealingly, "there will be no going back. We prefer to be conservative."

It is an attitude which may inform the new Government's economic policy. Exactly in line with Mr Ongpin's preferences, Mrs Aquino wants to make the private sector the engine of recovery and to limit Government intervention in the economy. She wants to dismantle the sugar and coconut "crony" monopolies and restructure the economy. Now he thinks there will be a resurgence of optimism, and that the economy can rebound. Foreign creditors, the International Monetary Fund and World Bank, he feels, will all be dealing with a government they can trust.

Japan pledges to revive loans

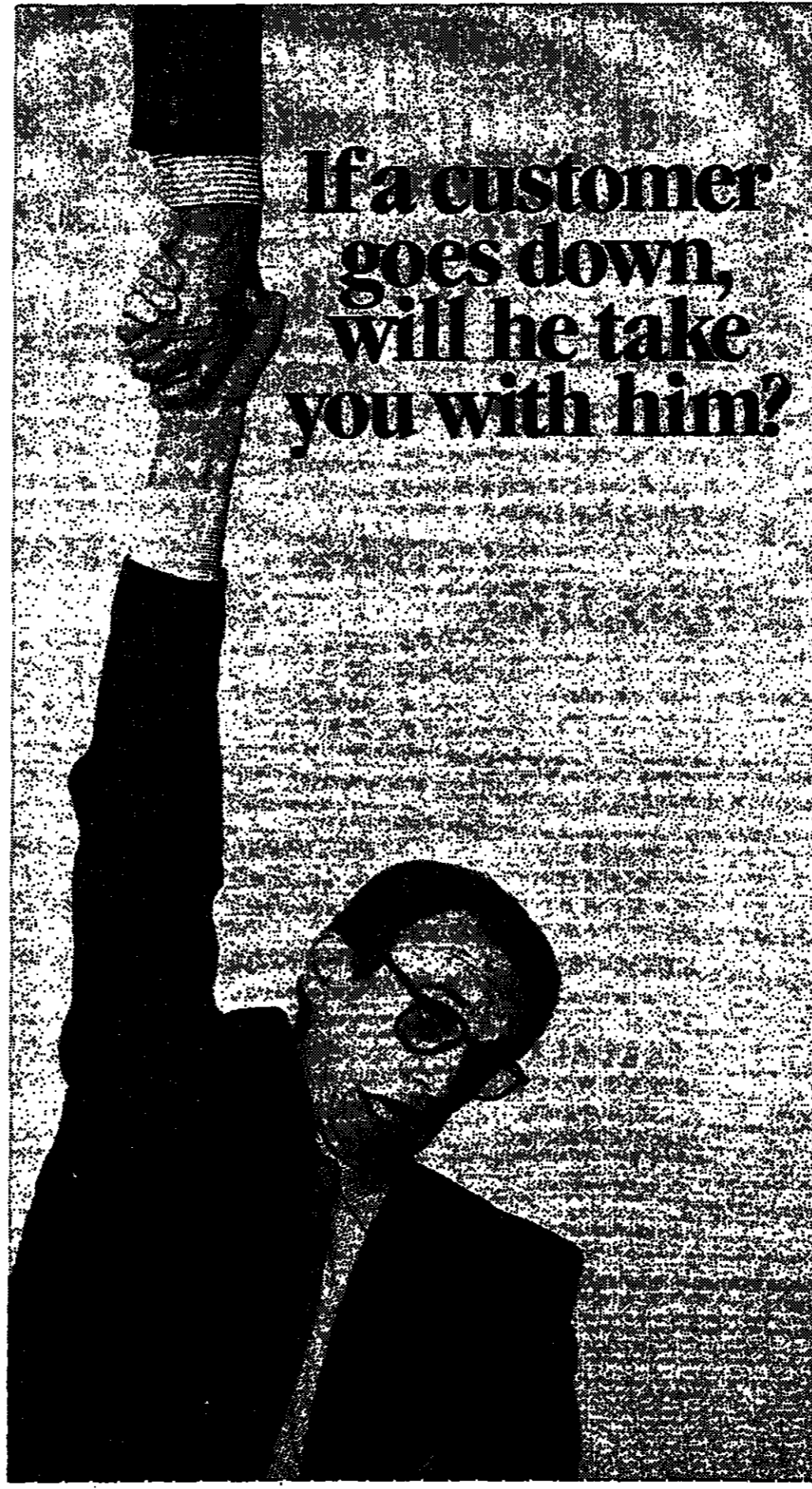
Japan announced yesterday that it would revive its loans to the Philippines, which had been stalled since earlier this month, AP reports. A Japanese official said the new Government needed help for "rebuilding." Japan in early February postponed signing its most recent loan, a \$270m package that had been agreed on December 23 with Philippine officials.

India inquiry 'confirms bomb caused airliner crash'

BY JOHN ELLIOTT IN NEW DELHI

A JUDICIAL inquiry set up by the Indian Government to inquire into the crash last June of an Air India 747 off the coast of Ireland is reported to have concluded that a bomb explosion in the cargo hold caused the disaster in which all 329 people on board died. This supports theories expounded when the crash happened on June 23 that a terrorist bomb had been placed in a piece of luggage. The aircraft was flying from Toronto to Bombay via London. Two militant Sikh groups were reported at the time to have claimed responsibility for planting a bomb. The one-man judicial commission conducted by Mr Justice B. N. Kirpal submitted its report to the Government on Wednesday. The Press Trust of India

reported last night that the Commission upheld the bomb theory which had been put forward by the Government and Air India. The Commission's findings represent India's formal judgment on the disaster. The Commission examined 13 witnesses including experts from Boeing of the US, which manufactured the aircraft, Air Canada which was concerned with air safety in Canada, Air India and investigators from the British Department of Trade and Industry.



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Five black S. African miners refused bail

BY JIM JONES IN JOHANNESBURG

FIVE out of nine black South African miners at the centre of a two-day strike which ended yesterday refused bail at a preliminary court hearing and are likely to be charged with murder later next month. The nine men were detained on Monday by police investigating the murders of four senior black employees of the Vaal Reef gold mine. The detention led to a two-day strike by 12,000 miners at Vaal Reef who demanded that all nine be released unconditionally. Four men were released by police before yesterday in refusing bail for the five men charged that magistrate, Mr C. W. Steyn, said that if the men were released they would probably interfere with witnesses at the mine where, he said, "the situation was already explosive." The men are due to appear in court again on March 20. The strike, which cut production at South Africa's second largest gold mine by about two-fifths, ended yesterday when the full day shift reported for work at Vaal Reef's east division. The return to work was preceded by day-long talks on Wednesday between management and the National Union of Mineworkers (NUM).

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WORLD TRADE NEWS

Mazda, Ford study US link-up plan

BY CARLA RAPOPORT IN TOKYO

MAZDA of Japan and Ford Motor are considering a manufacturing link-up in the US including the development and manufacture of a new sub-compact for Ford.

under discussion. The UK company involved, however, is believed to be a company specialising in auto design, as opposed to manufacture.

Bonn ready to back new Airbus programmes

By Rupert Cornwell in Bonn

THE WEST German Government is ready to back financially the proposed new A-330 and A-340 European Airbus programmes, provided a study due to be submitted shortly by the manufacturers indicates that the new aircraft have a chance of commercial success.

Airbus and McDonnell set for sales battle

BY MICHAEL, DONNE, AEROSPACE CORRESPONDENT

A MAJOR sales struggle is about to develop between Europe's Airbus Industrie and Douglas Aircraft which is part of McDonnell-Douglas of the US.

much cheaper than 747s, even if Boeing were to cut its price.

As a result Airbus and Douglas see this market for "long-range, thin traffic" routes as virtually their private battle.

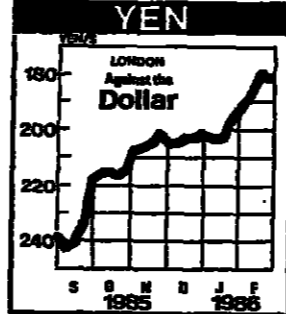
Japan business chiefs call for freer trade

BY CARLA RAPOPORT

THE DOLLAR'S sharp fall against the yen has led Japanese businessmen to start climbing on a bandwagon hitherto mainly occupied by their counterparts in other countries.

behind proposals which would boost imports, not stanch the flow of exports.

free trade system must be treated as a national goal if Japan is to secure a position as a world leader in free trade.



sales of imported goods, while helping "injured" small business to adjust.

For the first time, Japan's business leaders are saying, in a loud voice, that their economy, their distribution system and their financial markets discriminate against foreign goods and services.

There is a sense of urgency about correcting the trade imbalance. But the present situation is overburdening the exchange rate mechanism.

The domestic industries affected by these moves should change business lines (and/or) move operations offshore.

The noises are being made by the Japan Federation of Economic Organisations (Keidanren), Japan's most powerful business organisation, which enjoys strong links with Japanese Government officials and politicians.

As a result, this week, the Keidanren launched a seven-page position paper titled "Toward World Economic Stability and Prosperity—Japan's Contribution to the International Community."

In the fraught area of distributing consumer goods, the Keidanren advises the government to take steps to expand

The Keidanren, at heart, is very worried about the long-term effects of using a strong yen to correct Japan's huge trade imbalance with the US. It is now throwing its weight

When such swift action causes problems, the paper says that remedial action should then be taken.

Rise in export contracts

BY OUR TOKYO CORRESPONDENT

EXPORT contracts by Japan's 13 trading houses went up in January, after three months of steady decline. Japan's trading houses account for about 80 per cent of Japan's total trade.

cent in yen terms to ¥416.9bn (£1.25bn). Plant and machinery exports also advanced strongly, by 23 and 24 per cent respectively over January 1985 figures.

The increase of 2.9 per cent in yen terms and 31 per cent in dollar terms compared to January 1985, surprised analysts yesterday. Most have been predicting that the stronger yen would cause a steady decrease in export contracts.

An economic analyst working for the trading companies said yesterday that demand for Japanese cars obviously remained strong, despite price increases.

Automobile contract sales showed the strongest increase in January, surging by 58.5 per

As to the increase in contracts for plant the analyst pointed out that two large Middle East contracts had been won by one or more trading houses in January.

US textile export freeze unacceptable, says Seoul

BY WILLIAM DULLFORCE IN GENEVA

SOUTH KOREA has told the General Agreement on Tariffs and Trade (Gatt) that the freeze on its exports of textiles and clothing to the US asked for by the Reagan Administration is "unacceptable."

and a decision has to be taken before then on whether or in what form to extend it. The US, however, is taking a protectionist attitude in the discussions and an agreement on the MFA's future could prejudice negotiations on textiles in the new round.

This riposte to suggestions by US trade officials that Hong Kong, South Korea and Taiwan should hold exports at 1985 levels was delivered by Mr. Joon Sun in the Gatt committee preparing for a new round of multilateral trade negotiations.

Developing countries argued in the preparatory committee this week that a return to Gatt rules for textiles would be a major step in restoring confidence in the world trade organisation. Both the US and the European Economic Community, advised caution on gauging the prospects for speedy liberalisation of textiles and clothing.

Trade in textiles and clothing is surfacing as one of the most sensitive items to be handled by the preparatory committee. It was the "acid test" of the industrialised countries' intentions in the new round, one developing country delegate said.

Other potentially divisive items discussed this week were trade in services, counterfeit goods and intellectual property rights.

The committee has until the end of July to prepare the declaration by which trade ministers will launch the new round on September 15.

The question of where the trade ministers will meet on September 15 was not dealt with. Mr Arthur Dunkel, Gatt Director-General, hopes to have a decision by the next committee meeting on March 17. The contenders are Uruguay's Punta del Este, Brussels and Montreal.

Its discussion on textiles and clothing this week focused on how to link the current negotiations within Gatt on the future of the Multi-Fibre Arrangement (MFA) with the new trade-liberalising round.

The MFA, which governs the bulk of world trade in textiles and clothing, expires in July

Boston sees a slick computer sales pitch

BY JASON CRESPI IN BOSTON

BOSTON is being invaded this week by about 30,000 men and women who are witnessing one of the slickest sales pitches made by the computer industry.

bringing \$25m (£17.8m) in extra revenues to Boston, excluding air fares. About 80 per cent of the city's hotel rooms have been taken over by the event.

They are attending Decworld '86, thought to be the largest single company sales fair in the world for any industry and which has cost around \$9m (£6.2m) to stage. Most of the visitors have paid their own air fares and hotel bills. About 7,500 companies were represented.

The crowds at Decworld surge through nearly two acres of displays of technology and applications with some 400 demonstrations and attend over 70 management seminars a day. DEC says 9,000 people a day are attending the seminars and technical sessions.

The show has been put on by Digital Equipment Company (DEC) the world's second largest computer company.

You could spend over \$1m for just a minute of television advertising during the Super-bowl—and that is just stuff," said Mr Bob Hughes, vice-president industrial marketing, who organised Decworld in five months. "This paid for itself on the first day."

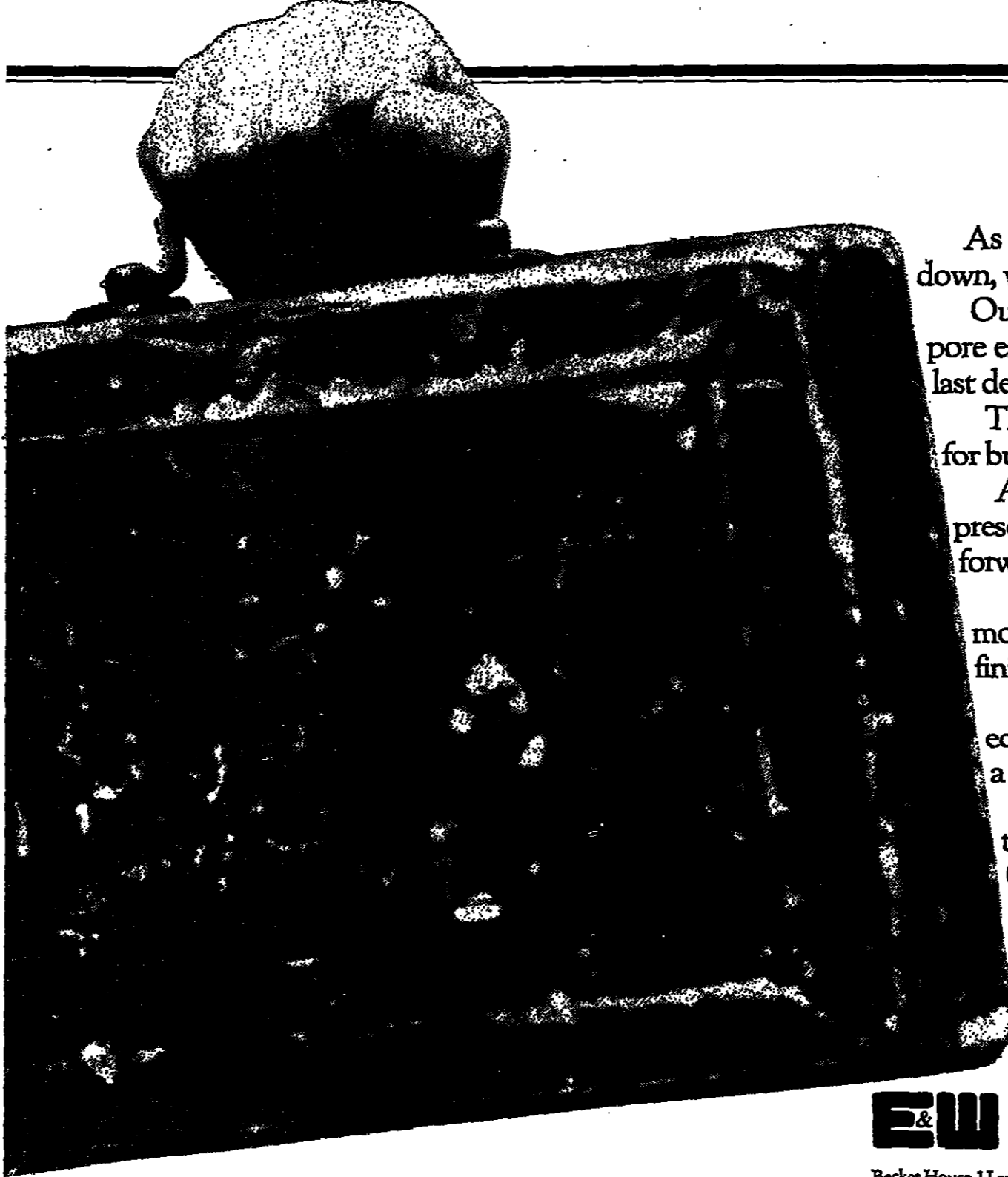
Decworld has proved so attractive that three times as many people as first thought are attending the five-day event. This is more than four times last year's total when the event lasted twice as long.

Europe will witness a similar event this autumn. The second Decworld is to be held in Cannes in the south of France and DEC is predicting 14,000 visitors to that—double the total of last year. Now DEC in the UK is considering holding a similar event in London in early 1987, to be called Dec-city.

DEC saw its shares reach an all-time high this week of \$166½ against a recent low of \$85.

About 5,000 of DEC's 90,000 employees are helped preparing the show which is estimated to be

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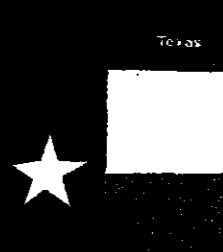
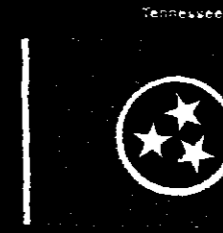
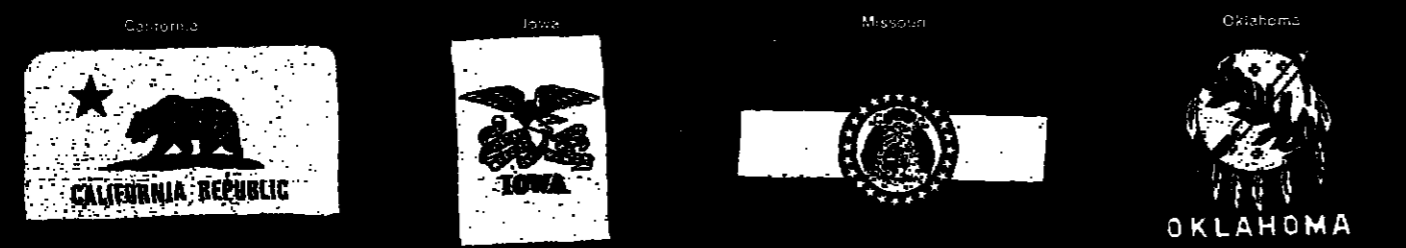
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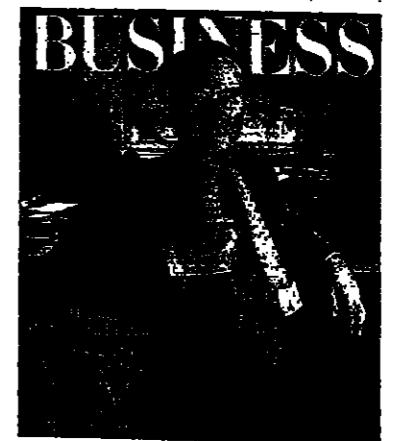
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FRENCH ELECTRICITY CHIEF COUNTS COST OF PWR SAFEGUARDS

Sizewell safety levels 'unnecessarily high'

BY DAVID FISHLICK, SCIENCE EDITOR

BRITAIN has probably built unnecessary levels of safety into its Sizewell B design of pressurised water reactor (PWR), Mr Henry Carle, the Electricité de France (EdF) director responsible for its design and construction programme, told a House of Lords Select Committee inquiry into nuclear power in Europe.

Mr Carle, who has 20 PWRs under construction in France, said he could not account in any other way for the price the Central Electricity Generating Board (CEGB) expected to pay for Sizewell B.

Lord Kearton suggested that from figures Mr Carle submitted to the inquiry, the French were building PWRs for about half the projected costs of Sizewell B.

Mr Carle said the price per kilowatt of French PWR power had risen by 50 per cent since the first PWRs were ordered in the early

1970s, mainly because of extra safety measures.

He agreed that France probably had the cheapest electricity in Europe as a result of completing 39 PWRs since the early 1970s. They were "rather satisfied" with the costs of PWR power, he said.

Two thirds of French electricity came from nuclear reactors and that figure would continue to rise to about 75 per cent, he predicted. Although exports of French electricity had not been part of the original plan - which was to substitute nuclear energy for oil - France was now in a position to export about 10 per cent of the power it generated.

It was exporting power to Belgium, the Netherlands, West Germany, Switzerland, Italy, Spain and Portugal, and would shortly be exporting regularly to Britain.

Mr Carle expected exported electricity to increase from 25bn kilo-

watt-hours at present to 40-50bn kWh by 1990. The limit would be the level at which France's neighbours believed their independence was being jeopardised.

As base-load power, nuclear electricity was 50 per cent cheaper than imported coal power. It was economic to run the French PWRs not just on base load for about 7,000 hours a year, but for as little as 2,500-3,000 hours a year, leaving coal to meet peak demand.

Some French PWRs had been operated on a five-day week, shutting down over the weekend, although EdF preferred to reduce power rather than shut reactors down.

The committee also invited Mr Peter Jelinek-Fink, managing director of Nukem, the West German nuclear fuel company, as a witness.

Mr Jelinek-Fink said Germany had 19 nuclear plants in operation, generating 33 per cent of its electricity.

His company expected the present 16,000 MW of nuclear power to increase to 23,000 MW by 1990, with PWRs under construction, and to reach 26,000 MW by the end of the century.

Mr Jelinek-Fink said his was the only country in the world which routinely reprocessed nuclear fuel and separated plutonium and uranium as a mixture to make new fuel for the same reactors.

Nukem expected to sell this plutonium-enriched mixed-oxide fuel to the electricity industry as an alternative to enriching uranium.

"The best way to get rid of plutonium is to burn it in a reactor," Mr Jelinek-Fink said. "I think reprocessing is the only orderly way to dispose of spent fuel."

The alternative, direct disposal of nuclear fuel by burial, would create "plutonium mines" which he did not favour.

MP 'able to back computer allegations'

By Jason Crisp and Ivor Owen

SYSTEME, the Leeds-based computer group, gave a warning yesterday that allegations by Mr Michael Meadowcroft, the Liberal MP, that the company had been the subject of "illegal" actions by US government officials and Digital Equipment Corporation (DEC) could jeopardise jobs in the company.

Systeme said it feared the renewed attention might deter customers from buying its new S-Series computers and "go to IBM instead."

Digital Equipment Corporation, the second largest computer company in the world, and Systeme had reiterated their calls for Mr Meadowcroft to substantiate his allegations.

Mr Richard Martin, director of corporate communications at DEC, said yesterday: "It is a pity Mr Meadowcroft did not accept our invitation to check his facts before he made his speech. However DEC does not propose to comment on hearsay and circumstantial evidence so there will be no further statement from DEC until Mr Meadowcroft provides the hard evidence to back his allegations."

Mr Meadowcroft, the MP for Leeds West, emphasised yesterday that he would be able to fulfil his undertaking to provide evidence to the Trade and Industry Department about DEC's alleged illegal activities. He also emphasised his willingness to talk to DEC and explained that he was not able to accept the US company's offer to inspect because it required a prior assurance that they would be confidential.

He explained he already had many of the documents and would not have been able to satisfy DEC "as to which were quotable and which were not."

On the possible threat to jobs at Systeme, Mr Meadowcroft said last night: "I've taken immense care to avoid anything which could offend Systeme's present and future operations. It is perfectly true that none of this information came from Systeme and I agree with Peter Barron (Systeme's managing director) that they should get their heads down and run the company."

Systeme now employs 280 people compared with its one-time peak of 1,200 and is expected to have sales this year of £12m to £15m coming from its new computer.

BL loses right to maintain spare parts monopoly

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BL, the state-owned vehicles group, has lost its claim to a monopoly in the £800m-a-year market for spare parts for its cars.

Five Law Lords yesterday unanimously allowed an appeal by Armstrong Patents, which makes replacement exhausts for the BL Marina model, against an injunction to stop it infringing BL's copyright in drawings for its exhaust systems.

In a judgment of far-reaching significance for car manufacturers, and other makers of mass-produced machinery, the Law Lords said that the car owner's right to repair his car economically, by being able to buy spare parts in an unrestricted market, prevailed over the car manufacturer's right to use its copyright to maintain a monopoly.

Lord Bridge said that BL claimed, as the owner of the copyright in drawings for spare parts for its cars, to stop other manufacturers from making or selling copies of its spares without BL's licence, for which it fixed a royalty.

The market in BL spares alone exceeded £800m a year. In practical terms, if the company's claim was well-founded, it conferred a market monopoly on BL and its licensees.

Exhaust systems, he said, needed replacing more often than any other car part and the market in replacement exhausts was one of the most lucrative.

Armstrong manufactured exhausts by "reverse engineering" the copying of BL exhausts and so indirectly the copying of BL's drawings without actually seeing them. It had refused to pay BL a royalty.

Lord Bridge said a BL car owner had a right to repair his car by

producing a copy of the original exhaust pipe himself or by instructing someone to make it. In practical terms, if the owner's right to repair was limited to that, in a world of mass-produced goods that right would be valueless. What the owner needed was the freedom to acquire a previously manufactured exhaust system in an unrestricted market.

"Here we come to the heart of the issue, where there appears to be a clear conflict of legal rights: between the car owner's right to repair and the copyright owner's right to use his copyright in such a way as to maintain a monopoly in the supply of spare parts."

Lord Bridge decided that there were sound reasons for saying that the car owner's right to a free market should prevail.

"By selling cars fitted with exhausts based on their copyright drawings, BL have already enjoyed the primary benefit which their copyright protects," he said.

"By selling these same cars, BL have also created a large community of car owners who, quite independently of any contractual rights derived from BL, enjoy the inherent right as owners to repair their cars in the most economical way possible."

"To allow BL to enforce their copyright to maintain a monopoly for themselves and their licensees is to detract from the owners' rights and, at least potentially, the value of their cars," he said.

"There is an inconsistency between marketing cars, and thereby creating whatever rights attached to their ownership, and acting to restrain the free exercise of those rights. The law does not counte-

Jobless rising by average 14,500 a month

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S underlying jobless total rose in February for the third consecutive month, strengthening pressure on the Government to announce further measures to help the long-term unemployed in next month's budget.

The Department of Employment said yesterday that the total number of benefit claimants, including school-leavers, fell by 25,800 over the period to 3Am, or 14 per cent of the working population.

The seasonally adjusted total, however, which is widely regarded as the best guide to movements in the labour market, rose by 4,800 to 3.2m, or 13.3 per cent. That left the average increase over the last three months at around 14,500, a reversal of the trend seen in the previous few months.

The Department of Employment regards the average shift over six months as more representative, but this still shows the unemployment on a gently rising trend of about 5,000 a month. Officials also estimate that the extension of the Community Programme for the long-term unemployed is taking around the same number of people off the register each month.

Lord Young, the Employment

Secretary, said the sharp rise in the seasonally adjusted total during December and January and the smaller increase in February did not necessarily mark a change in the "latter trend of unemployment seen for much of last year."

His department also highlighted a more encouraging trend in the numbers of people moving into and out of the job market and a rise in the number of vacancies.

Referring to plans to delay the announcement of the unemployment figures from next month to eliminate what the government believes is sizeable over-recording, Mr Prescott said: "Lord Young is to unemployment figures what former President Marcos was to election results."

The all-party pressure group Charter for Jobs said that with unemployment now at nearly 60,000 higher than a year ago there was an irrefutable argument for more action to help the unemployed, particularly the 1.4m without work for a year or more.

BAe wins £70m army contract

A BRITISH Army contract worth £70m for helicopter missile sights has been awarded to British Aerospace (BAe) after the failure of a last-minute bid by Saab, one of Sweden's major defence contractors, to match the British company's offer, Bridget Bloom writes.

The contract is to update the roof-mounted sights of the Tow anti-tank missile system to give the Army Air Corps 120 Lynx helicopters vision capability, by night as well as by day.

To the annoyance of both BAe and the army, the contract was re-opened by the Ministry of Defence earlier this year to allow the Saab bid to be made.

It was suggested at the time that, if Saab were to be awarded the contract, the Swedish Government might buy Westland 30 helicopters from the troubled British helicopter company.

British Aerospace was angered by the decision to reopen the contract since it had already twice submitted bids in competition with other companies and had been told last September that it had won the contract.

The army was annoyed since it did not want to deploy unfamiliar Swedish equipment which, it was feared, would further delay the Lynx modernisation programme.

It is understood that BAe, which is supplying the missile sight in conjunction with Hughes Aircraft of the US, was formally awarded the contract earlier this week. Although Saab did not submit a bid strictly comparable with the BAe equipment, it is said to have been several million pounds more expensive.

BAe hopes to start work on the missile sights almost immediately although the Army Air Corps Lynx helicopters will not be fully operating with them until 1989.

SPECIAL Cabinet committee on the future of BL, the state-owned motors group met for the first time to review the position on disposals of the commercial vehicles and bus divisions, but no decisions were taken.

Ministers apparently considered a Department of Trade and Industry report on the nature of the bids so far submitted. In particular, the main interest was on the questions of the proposed management buy-out for Land Rover, the nature of a possible bid for the trucks and lorries side and the assurances about future British content and identity being offered by General Motors.

UNIONS representing manual workers in the chemicals industry say that their pay claim this year will break new ground by calling on the employers to establish a "workers' health fund."

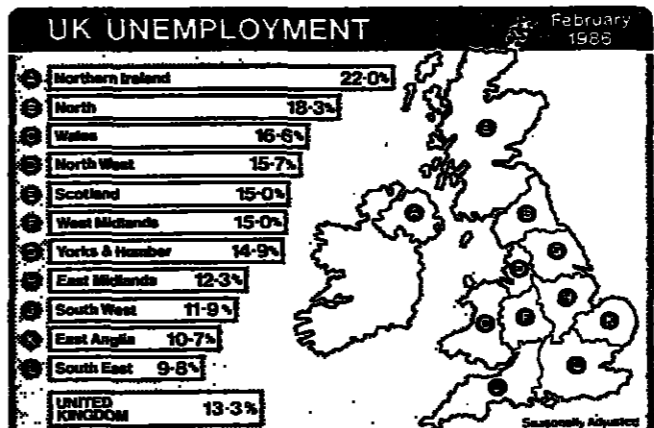
The claim, to be submitted next Monday on behalf of 40,000 workers, proposes that 0.15 per cent of companies' wages bills be set aside for research into health and safety by an independent body.

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, has set a deadline today for the closure of one of his printing companies unless agreements are reached with unions on redundancies.

The ultimatum is over the future of Purnell Gravure, of Poulton, near Bristol, one of the original companies in the British Printing Corporation.

BOOTS, the pharmaceuticals and retailing group which employs 67,000 people worldwide, has told its unions that it will be seeking redundancies as part of a cost-cutting exercise.

The group, which employs 61,000 in the UK said: "We would hope to reduce numbers of people by natural wastage, immediate restrictions on recruitment and voluntary early retirement. However, some redundancies will be inevitable."



Defence companies fear impact of cash ruling

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GOVERNMENT'S decision to cut advance payments on defence contracts could seriously affect small businesses, according to Brigadier Dick Purvis, Secretary of the Defence Manufacturer's Association, which represents small and medium-sized companies in the defence sector.

Brig Purvis said yesterday that his association was concerned at the implication of the decision, announced by Mr George Younger, Secretary of State for Defence, to reduce the so-called progress, or interim payments on a wide range of defence "business" amounting at present to £3.5bn a year.

Such payments, usually made in stages to take account of progress on the production of equipment, are a feature of almost all defence contracts.

However, Brig Purvis noted that they formed a particularly important part of the financing for small contractors which did not have access to capital of larger concerns. Unless the new measures were carefully formulated, they could seriously discourage small contractors. Brig Purvis said his association hoped that no final decisions would be taken before the industry had consulted the industries concerned.

The first stage in that consulta-

tion process opened yesterday when Mr Younger explained the ministry's views to senior industrialists represented on the National Defence Industries Council. Mr Younger suggested that the prime target for reduced advance payments might be large contracts. In general, there would no longer be interim payments of 100 per cent of costs incurred, while interim profits payments would be discontinued.

What chiefly appears to have worried defence contractors, however, is Mr Younger's suggestion that in future "a significant part of the payments will not be made by the ministry until such time as goods are produced, proved to meet our requirements and are suitable for use by the armed services."

In a speech earlier this week, Mr Younger explained that changes in the policy on interim payments would fall squarely within the Government's overall determination to increase competition within the defence sector. A regime of generous interim payments had in the past ensured that in many cases businesses "continued to receive money from the Ministry of Defence, and profit, even if projects have fallen behind schedule and deliveries have been delayed," he said. "This was not the way to produce efficiency."

New oil find made at onshore field

BY DOMINIC LAWSON

CARLESS Capel and Leonard, a leading UK onshore oil explorer, has made a new find of oil at its Humby Grove field, 50 miles west of London. Oil flowed at a rate of 1,400 barrels a day.

Carless was exploring the so-called "Rhettic formation" which lies 1,000ft below the established oil-producing horizons of the field. Dr Eric Beashard, the managing director of Carless Exploration, said yesterday: "This zone has previously yielded only gas or water. We were very surprised to find oil."

Previously the oil reserves at Humby Grove, the UK's largest onshore field after Wytch Farm in Dorset, south-west England, were estimated at between 5m and 20m barrels. The new find could add as

much as 5m barrels to those figures but further wells will need to be drilled into the formation.

The low rate of 1,406 barrels a day is the largest yet recorded onshore in the UK, apart from the Wytch Farm field, which lies partly onshore and partly offshore.

The established oil zones at Humby Grove are producing at about 2,500 barrels a day. The field was discovered in May 1980. The effect of the new discovery will be to encourage other oil companies to drill into similar structures on their UK onshore acreage.

Immediately after the discovery was announced to the London Stock Exchange, Carless's share price rose 7p to 85p. The other companies involved in the successful

consortium are Trafalgar House, Marjex, Sulpetro, Charterhouse and Britoil.

The value of the UK's daily oil output fell by £2.5m last month, despite a surge in production to 277 barrels a day, according to figures released yesterday by the Royal Bank of Scotland.

The UK's daily oil value, at £43m in January, was 20 per cent below the levels of last October and will fall by a further 20 per cent this month, according to the bank.

The bank gives a warning: "If current sterling oil prices were to become the basis for future expectations, then a number of the expected North Sea projects will be delayed or abandoned."

"What's special about these Danish companies?"

ASB Bank Copenhagen Branch, Assurandør-Societetet, Barclays Finans A/S, Berlingske Tidende, Bilbussen, Bollden, Buch+Dolchmann, Danish Steel Works Ltd., Danish Telecom International A/S, Danish Tarmley Dairies Ltd., Dannebrog Shipyard Ltd., A/S De Danske Sultderfabriker, Dami A/S, Duracel-Dalmon A/S, East Asiatic Co. Ltd. (A/S Det Ostasjatiske Kompagni), A/S Elizabeth Arden, Ess-Food, F. L. Smedth & Co. A/S, Fortaget Management A/S, Frisko Sol A/S, Ginge Brand & Elektronik A/S, Grønges Danmark A/S, Grundfos International A/S, Haldor Topsee A/S, Hellerup Bank A/S, Henriques Bank Aktieselskab, Kredittorenningen Danmark A/S, Kommunedsata, MIBank, A/S Niro Atomizer, Norsk Hydro Danmark A/S, Nytredd, Price Waterhouse, Privatbanken A/S, Revisionsfirmaet C. Jespersen, Skandinavisk Tobakkkompagni, Statsanstalten for Livestokavligning, The Jutland Technological Institute, Aktieselskabet Vardø Bank.

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NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues, that US\$ 10 000 000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal amount.

The serial numbers of the 11 000 Series A Notes of US\$ 1 000 each, drawn for redemption and representing US\$ 10 000 000 principal amount, are as follows:

Table listing serial numbers for Series A Notes, including columns for note number and principal amount.

Table listing serial numbers for Series B Notes, including columns for note number and principal amount.

Table listing serial numbers for Series C Notes, including columns for note number and principal amount.

The Notes drawn for redemption will become due and payable on April 3, 1986 together with accrued interest for the period from February 13, 1986 to April 3, 1986. On and after April 3, 1986 the Series A Notes to be redeemed shall cease to bear interest. As of this date, the outstanding principal amounts are: Series A Notes: US\$ 48 000 000.- Series B Notes: US\$ 32 500 000.- Zurich, February 28, 1986

APPOINTMENTS

Guinness overseas marketing division

As part of its strategy to expand and strengthen its overseas operations, GUINNESS BREWING WORLDWIDE has formed an international division which will integrate the current activities of Guinness Overseas Limited and Guinness Exports and Development Limited. Mr John Davies has been appointed managing director of the newly formed division which will coordinate operations in all Guinness markets other than Great Britain, Ireland and the US. Mr John Davies is currently managing director of the Far East based in Malaysia. Mr David Berditt, managing director of Guinness Overseas Limited and non-executive chairman of Guinness Malaysia Berhad and will shortly move to Malaysia. Mr Tony Newell, managing director of Guinness Malaysia, will return to the UK later this year to take up a senior appointment with Guinness and at that point Mr Burditt will take on the additional responsibilities of managing director. Mr John Draper has been appointed managing director of the south eastern region of AMCY ROADSTONE CORPORATION in succession to Mr Pat Jackson, who has joined Rugby Portland Cement. Mr Draper was director of sales UK aggregates. Mr John Marston has been appointed group engineering and cost controller. He was Anglia area operations manager. Mr John Macdonald has been appointed managing director of CROSBY ASSOCIATES UK. EVOQUE GROUP has appointed Mr Nigel Crouch as deputy managing director of the adhesives and sealants division. He joins from Rescint and Caban, where he was new business development director of the household and toiletries division. Mr Olivier Michon, general manager of the branch of PARIBAS in London, has been appointed executive director of the parent bank, Banque Paribas. He will continue to run the London branch but will, in addition, coordinate the activities of the bank in London in merchant banking, international capital markets, through Banque Paribas Capital Market, and stockbroking through the bank's controlling interest in Quilter Godson. Mr Laurie Ward, vice president (sales) for Mark McCormack's Intercontinental Television production, is to join CHARLES BARKER LYONS as director of sponsorship and television. BOOSEY & HAWKES has appointed Mr R. H. Asserson as chairman in place of Mr A. R. C. Rothery who resigned from the board as a non-executive director. Mr Asserson continues as chief executive which he took up last October. Mr David S. Anderson will join the board of REDFEARN NATIONAL GLASS as production director on March 3. He was manufacturing and engineering director of Wilkinson Sword. Mr Michael C. Scott has been appointed as operations director at VISLIAR TUCKERS, Sheffield. He was marketing manager. Mr Nick Connolly has been appointed commercial trade general manager of BP OIL refining and marketing arm of British Petroleum. He succeeds Mr Viv who was appointed marketing director last October. TSB GROUP has appointed Mr Colin Baker as general manager, technology based at the Group's offices in the City of London. He will advise the board on technology matters and be responsible for the strategic direction of the technology investment made by the TSB Banks and operating companies. Prior to joining United Dominions Trust, BASE LENDING RATES ABN Bank 12 1/2% Hambros Bank 12 1/2% Allied Dunbar & Co. 12 1/2% Heritable & Gen. Trust 12 1/2% American Express 12 1/2% Hill Samuel 12 1/2% Amro Bank 12 1/2% Hongkong & Shanghai 12 1/2% Henry Ansbacher 12 1/2% Johnson Matthey Bkrs. 12 1/2% Associated Cap. Corp. 12 1/2% Knowles & Co. 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Some believe
history repeats
itself.

Others read
The Economist.

The
Economist

Your weekly view from London of World Affairs, Finance, Science.

MANAGEMENT

A vulnerable giant

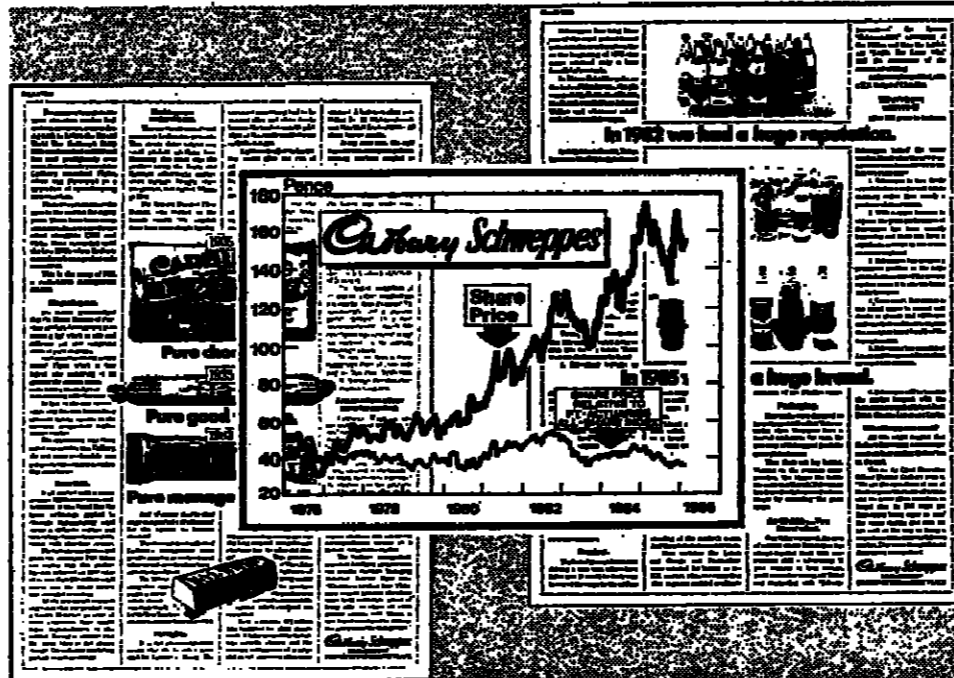
Cadbury seeks a slimming cure

Lionel Barber on the UK company's struggle to stay independent

A CADBURY SCHWEPPEES shareholder, catching sight of the current full-page British press advertisements aimed at bolstering the Cadbury name and image, immediately telephoned his stockbroker. "Have I missed something?" he inquired, "Is there a bid on?"

Table with 3 columns: Year, Acquisition, Value. Includes entries for 1972, 1973, 1974, 1984, 1985.

Dominic Cadbury is adamant that the flurry of bids and announcements is not a snap response to takeover talk, more a considered reaction to problems identified when he moved into the chief executive's chair in May 1983.



Some were picked up as a result of an over-ambitious expansion programme in the Schweppe merger. Management spent around £70m on taking the company into areas as diverse as brewing and groceries in Spain, wine in Italy, well as into soft drink developments in Australia.

Inventories

The high cost of poor control

BY NICK GARNETT

INVENTORY control among UK book publishers, furniture manufacturers and some types of engineering company, including vehicle building, is pretty awful; but food and drink producers and capital and electronic equipment makers handle it rather better.

TECHNOLOGY

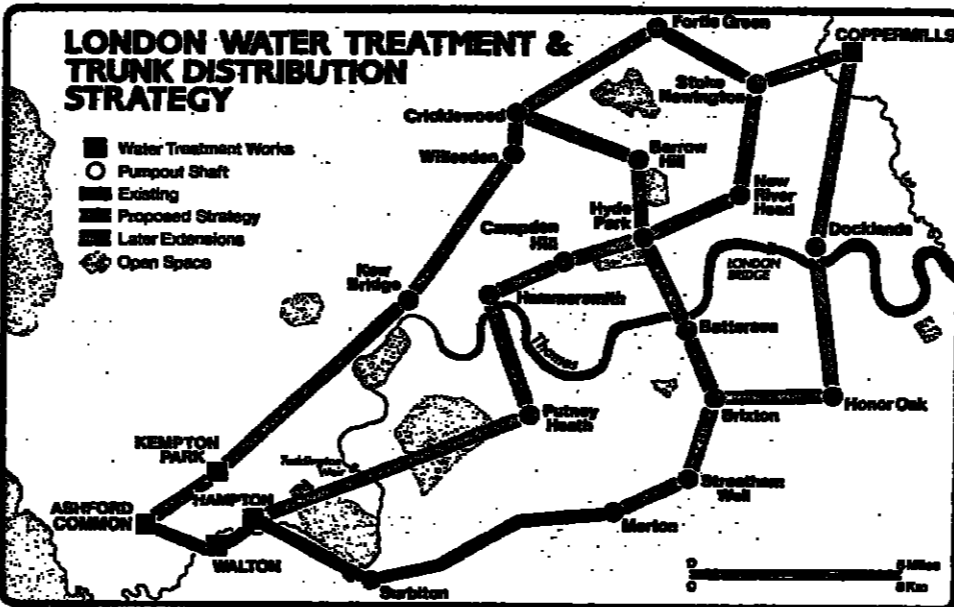
Walter Ellis on a £90m project to give London the world's most advanced water system

Underground route to cutting overheads

LONDON'S water supply system is poised to make a generational leap into the twentieth century. Thames Water, Europe's largest water authority, which is expected to be privatised by the end of 1987, is to spend £90m over the next 10 years in building a unique gravity-fed ring-main round the capital.



The ring main—a wide-bore tunnel running beneath London at an average depth of 40 metres—is intended to carry large volumes of fresh water from the west and a lesser source in the north to a series of high-technology pumping stations from which the water will be raised to the surface.



5m USERS WILL BENEFIT FROM NEW NETWORK

STAGE one of the ring main will link the western reservoirs and treatment works with New, Crickwood, Hyde Park, Brent and from Ashford Common to Crickwood. Further additions are planned, but their construction dates will depend on circumstances.



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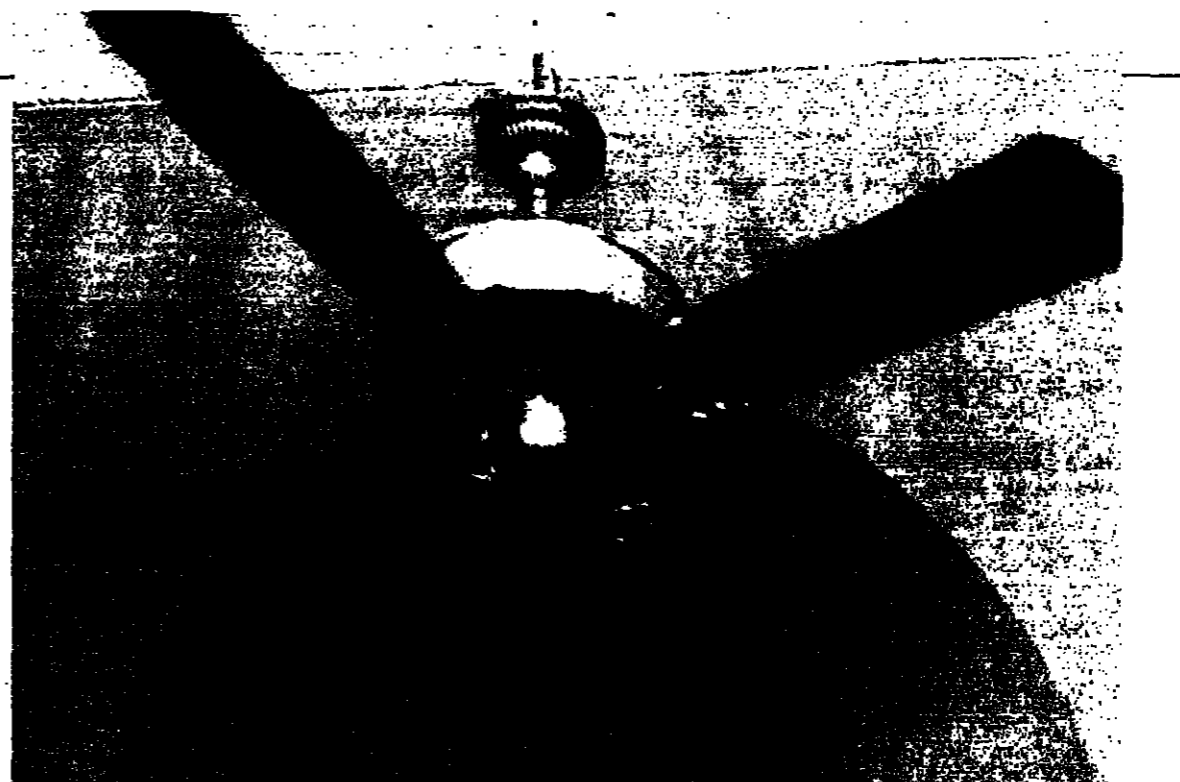
Greater flow but lower rate of failure

Much of the motive force for the ring main system is based on simple gravity. West London, towards Heathrow, is set higher than much of the rest of the capital. A high head of water will be established at the treatment works, and gravity will do the rest, carrying the flood of water under a constant pressure to the various pumping out shafts.

Advertisement for SEET Barrier Foils, featuring the logo and contact information for John S Bass and Co Ltd.



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THE PROPERTY MARKET BY MICHAEL CASSELL

Hampton trust digs for further growth

HAMPTON TRUST, the property to mining and exploration group which this week raised another £11m via the issue of more mortgage debenture stock, is still expanding rapidly.

The company, which has been totally revitalised since the arrival of David Lewis in 1984, is buying more properties to add to an investment portfolio which has grown from around £7m to around £55m in the space of two years.

Hampton has made a speciality of purchasing higher-yielding, secondary properties, principally in the retail sector, and its dash for growth included a string of acquisitions during 1985.

The company now holds just under half its portfolio in retail, with a further 47 per cent in shops. The balance is represented by industrial property. The latest money-raising exercise, following an issue of the same stock last October, is being used to complete the refinancing of some of the group's borrowings. These stand at £32m, of which £21m are now fixed for the next 40 years.

But, inevitably, there are more property purchases involved. The company has paid about £24m for two additions to its portfolio, namely the Peel Street shopping centre in Barnet, which has a rental

income of £155,000 a year, was valued at £2m and cost Hampton £1.7m, and a B and Q retail warehouse on Rye Road, Hastings. The 17,500 sq ft unit is let at £59,000 a year and Hampton paid £700,000.

The company has no qualms about buying secondary investments and has for some time been doing what many other purchasers, large and small, are only now beginning to consider. In the words of Simon Reynard, a Hampton director: "There is no point in buying at 5 per cent or less when we can achieve the same sort of growth associated with higher quality property."

Last August, Hampton paid over £12m for a portfolio of 33 properties, including a shopping centre in Oxford and an office building in Highgate, north London. The following month it paid £8.6m for two more London office blocks.

Hampton's active acquisition programme is set to continue but neither should the company's potential in terms of gold mining activities be overlooked. The blend may seem a strange one but a mining legacy which extends to thousands of acres of land in Western Australia could prove extremely valuable.

In January, the company announced that it was joining a joint venture to develop an open-pit gold mine south of Kalgoorlie, which it owns.

Hammerson signs up in Fleet St

HAMMERSON GROUP is understood to have let its new office development in London's Fleet Street to Bartlett's de Reys, the Pensions solicitors. The distinctive 24,500 sq ft development was formally completed this week and the letting was signed almost immediately afterwards.

The asking rent for the property was £21 a sq ft and it is understood that the figure was achieved. Collier Magee acted for Hammerson and Conrad Ritshat represented the tenant.

Legal & General Assurance (Pensions Management) has sold Dewgate Hill House, Dewgate Hill, in the City of London to London & Edinburgh Trust for £7.65m. Prior to the sale, L & G obtained planning consent for demolition of the building and the construction of a 26,500 sq ft office block. LET plan to start work soon. Richard Ellis advised L & G and St Quintin represented LET.

Beacottree Estates, the property company jointly owned by Clark Nicholls and Coombs and J. M. Jones, has sold its first US development for \$2.1m (£1.4m). Its 14,000 sq ft retail scheme in Los Angeles, undertaken in partnership with Schurgin Development Corporation, has been bought by a private investor.

NORWICH UNION has managed to fend off some tough competition in winning the right to spend around £110m on redeveloping the Bentalls store in the heart of Kingston upon Thames.

After months of hard bargaining, in which names like Heron, Bredero, MEPC and, finally, Capital and Counties, fell out of the race, the insurance group can now cut another notch on its town centre shopping development belt.

The deal, to redevelop Bentalls' flagship building to provide a 350,000 square feet store and another 260,000 square feet of trading space in 100 shops, is good news for Norwich Union, for the retail group and for Kingston itself.

For the funders, the agreement involves its biggest single property investment and maintains the momentum of a spending programme which last year reached around £185m. This year Norwich Union is likely to invest around £550m and about £20m of it should go into the property sector. The group has already developed over 25 shopping centres around the country and its latest major property investment involves the £70m Rope-maker Place office development in the City of London. The building has been let to Merrill Lynch, which will move in during 1986.

For Bentalls, the deal ends several years of uncertainty over the future of the under-utilised site, which in recent

years has been boosted to around 600,000 sq ft by some astute property acquisitions. Early last year, the group decided to issue a developer's brief, and the eventual agreement with Norwich Union gives it a new store and offers a handsome share of future rental income, which can eventually be turned into capital.

Bentalls keeps its freehold and, after granting a 130-year lease to the developer, will take back its space on a peppercorn rent. The retail group will also take about 23.5 per cent of the shops rental income which, on completion and letting, from 1989 onwards, should start out at between £6m-£7m a year. It is guaranteed £1.6m a year.

Edward Bentall, chairman.

- The City of London Corporation has instructed Debenham Tewson & Chinnocks acted for Telecom. The asking rent, through Pepper Angliss & Yarwood, was £225,000. Debenham Tewson & Chinnocks acted for Telecom.
- Gordon Ireland, one of the property sector's outstanding analysts, has died of cancer, aged 44. As a property watcher with Vickers de Costa and, subsequently, Scrimgeour Vickers, Gordon was highly respected by property companies, funds and journalists alike for his depth of knowledge and friendly demeanour. A memorial service will be held at noon on March 24 at St Magnus the Martyr, City.
- Eagle Star Properties has let Spencer House, Euston

Haselmer's future hangs in balance

FEVERISH, behind-the-scenes activity to assemble Haselmer Estate's defence to the £240m bid from Rodamco, the Netherlands-based investment trust, could reach its climax today with publication of the results of a new portfolio valuation.

Since Rodamco's surprise bid of 600p a share, both sides have kept a comparatively low profile, with the gentleman protagonists on both sides clearly reluctant to engage in the type of rhetoric now commonly associated with major City takeovers.

The gentlemanly behaviour should not, however, be mistaken for lack of conviction on either side and the production by Cluttons of a new valuation—including current assets—will immediately raise the temperature and could quickly bring events to a head.

Haselmer was clearly shaken by the sudden bid approach and more than a little offended by the failure of the Dutch to first knock on the door of its stylish Carlos Place headquarters. The directors have extracted as much mileage as they can out of suggestions that the whole approach was handled in a somewhat less than conventional way, with some holders of Haselmer stock selling out without understanding the nature of Rodamco's intentions.

This week saw shades of the British Leyland campaign, with the Haselmer board, making much of the company's special place in Britain's heritage and suggesting that a sale to the Dutch would be un-thinkable, quite apart from the financial terms on offer. Posters pushing their message appeared throughout London overnight and such was the company's enthusiasm, that it was asked by occupants in one Victoria building to cut the number of propaganda placards wired to their railings.

For their part, the Dutch, who have 24 per cent of the equity in their ownership, have continued to chip away at Haselmer's arguably weak earnings and asset performance. They have also centred on the question of the property company's credibility if it comes out with a net assets per share figure way out of touch with the last December estimate of 670p put forward by Quilter Goodison, its own brokers.

The valuation will be Cluttons' but Haselmer are clearly looking for a figure well over the 700p mark. If it goes too high, the defence could collapse, too low and many more shareholders might be tempted to go now for the cash. An active, midweek market in Haselmer shares appears to have left a significant block of shares with arbitrageurs, thereby heightening the uncertainty even further.

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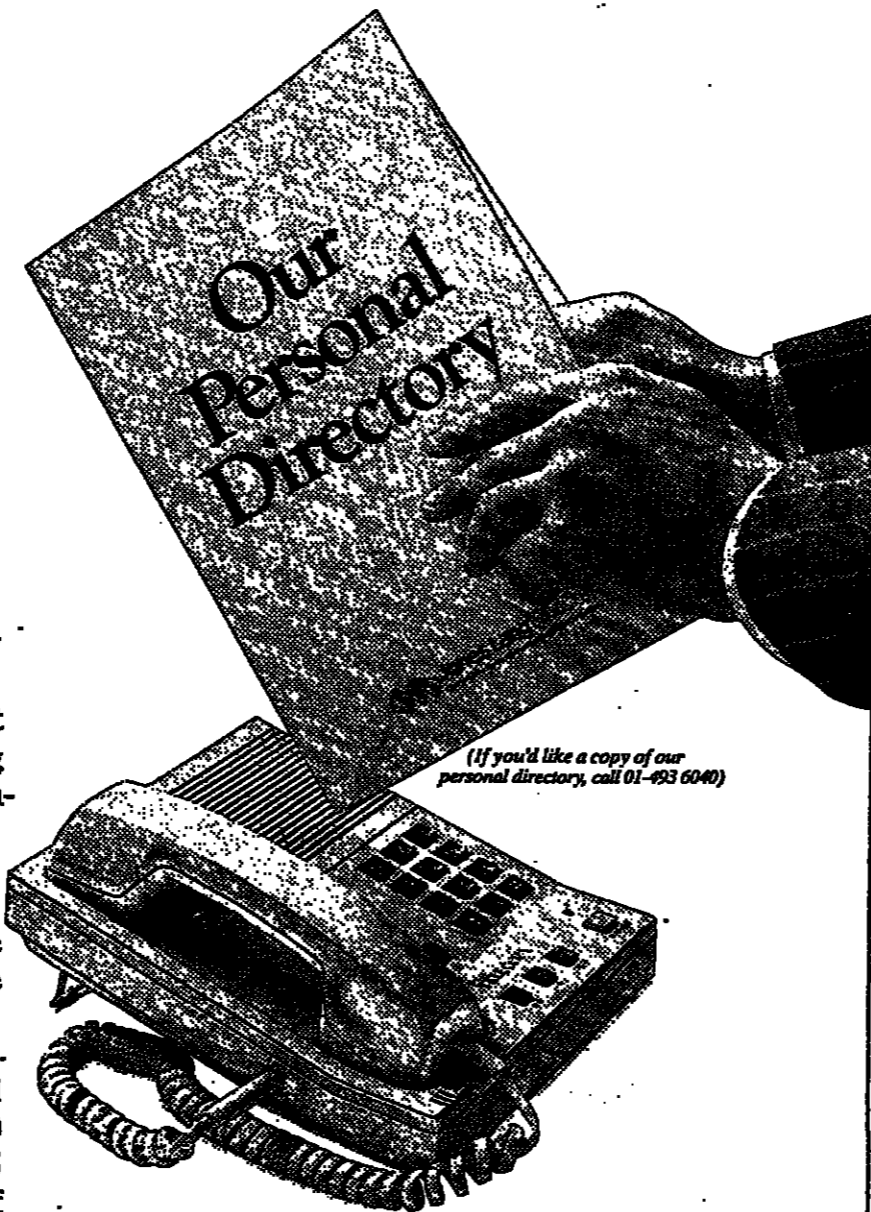
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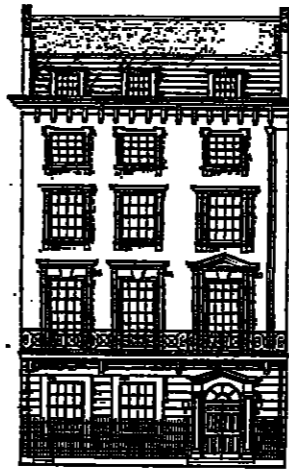
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LONDON, NW5, 224 Kilburn High Road, Kilburn	-
NEWCASTLE-UPON-TYNE, Kendon Park Shopping Centre, Greater Tyne & Wear	11,200
NORTHAMPTON, 30 Gold Street, Northamptonshire	-
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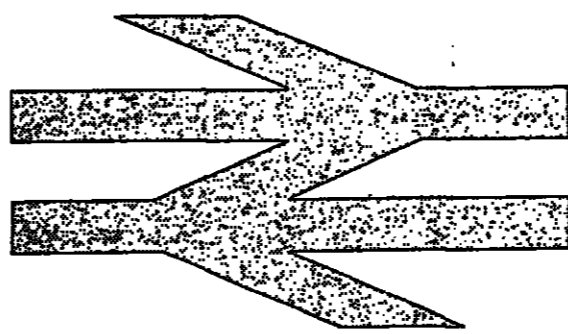
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NOTICE IS HEREBY GIVEN that dividends have been declared by the undermentioned companies, payable to members registered at the close of business on 14 March 1986.

The registers of members of the companies will be closed from 17 March to 1 April 1986, both days inclusive.

The dividends are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 23 April 1986, or the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on 2 May 1986. In the case of non-resident shareholders, taxation of 15 per cent will be deducted. The full conditions of payment may be inspected at or obtained from the London office.

The companies mentioned are incorporated in the Republic of South Africa	Share of share/unit (Int'nl)	Dividend (Int'nl)	Amount per share/unit (cents)
Brocken Mines Limited Company number 5901124/06	Ordinary	47	50
Kimberley Mines Limited Company number 5310226/06	Ordinary	38	100
Leslie Gold Mines Limited Company number 5901124/06	Ordinary	43	30
United Gold Mines Limited Company number 7210504/06	Ordinary	13	50
Winkaraka Mines Limited Company number 5203606/06	Ordinary	52	245

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Exhibitions

PARIS
Hommage to Paul Delvaux. Distant and solitary in their cool perfection, their large eyes unseeing, Delvaux's nudes people his dreamlike universes. The one touch of realism comes in the painting of his mother's kitchen, with an old-fashioned coal burning stove, grandfather clock and cured ham hanging from the rafters. Centre Wallonie-Bruxelles, Ends March 31 (42713818).
From Rembrandt to Vermeer. 50 chefs d'oeuvre on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lifes and landscapes. Grand Palais, Ends June 30 (42815410).
Diego Giacometti: first exhibition showing the works of a sculptor-creator of furniture, mostly in bronze with animal ornamentation. Musée des Arts Décoratifs, 107 Rue de Rivoli, Ends Apr 13 (42803214).

LONDON
The Royal Academy: Sir Joshua Reynolds. The long-awaited tribute from the Royal Academy to its founding president fills the principal galleries of Burlington House

until March 31 (sponsored by National Westminster Bank). A truncated version has already been shown in Paris. It is an equivocal compliment, for it confirms Reynolds as one of England's major architectural heroes and exposes his limitations as a painter. Lacking the flair of such contemporaries as Ramsay and Gainsborough, let alone of the older masters of the grand manner, such as Van Dyck and Veronese, he had the ambition to match himself against them, and whatever he achieved in position and accomplishment was by effort and determination.

WEST GERMANY
Düsseldorf, Städtische Kunsthalle. Grabbeplatz 4: Gerhard Richter, a retrospective of 120 oil paintings of the East German artist, who has lived in Cologne since 1983. The works cover 1962 to 1985. Ends March 16.
Hanover, Sprengel Museum Kurt Schwitters Platz: Kurt Schwitters (1887-1948). This comprehensive show, collected by the Museum of Modern Art, New York, includes as well works from his Hanover period (1924). There are 300 paintings, drawings, assemblages, collages and sculptures. Ends Apr 20.
Stuttgart, Staatsgalerie, Konrad-Adenauer-Str. 30-32: German Art of the 20th century. This is the same exhibition as was shown at the Royal Academy in London last year. It is made up of 800 works from 1905-85 by 50 artists. Ends Apr 20.

ITALY
Venice: Museo Correr: 127 drawings from the rich collection owned by the museum, from the 15th to the mid-19th centuries, including Guercino, Canova, Canaletto, and Tiepolo, as well as lesser-known artists. Ends April 11.
Venice: Palazzo Fortuny: two photographic exhibitions on 19th century

Venice: Venice as seen by 19th century photographers and Daguerrotypes from the Ruskin collection. This is the first time that material Ruskin collected in Venice between 1845 and 1856, which comes from the Ruskin Gallery in the Isle of Wight and the Coniston Museum, has had a worthwhile exhibition. Also included are 16 photographs of Verona and several of Florence, Siena, Lucca and the Alps. Ends March 30.
Rome: Palazzo Braschi (Piazza San Pantaleo): Over 200 photographs from private and public collections recreating a sort of grand tour through the Mediterranean civilisations, the capitals of Eastern and Western Europe, India and the Far East. The photographs date from 1840 to 1914 - and include works by William Henry Fox Talbot, the Alinari brothers, Alinari, James Robertson and Charles Marville. Ends Mar 10.

NETHERLANDS
Haarlem, Teylers Museum. A biographical exhibition devoted to Charles Darwin, his theory of evolution, and its reception in 19th century Holland. Ends Mar 9.
Haarlem, Teylers Museum: Survey of French 18th-century graphic art illustrating the new processes developed to capture painterly effects in etchings and engravings and meet the demand for reproduction prints. Ends Apr 8.

SPAIN
Madrid: Modern masters from the Thyssen-Bornemisza collection gathers 114 works from French Impressionism to North American abstract: Cézanne, Gauguin, Manet, Monet, Toulouse-Lautrec, Degas, Renoir, Pissarro, Sisley, Van Gogh, Picasso, Juan Gris, Braque, Léger, Bonnard, Chagall, Kokoschka, Kandinsky, Rothko, De Kooning, Bacon,

etc. Sala Picasso, Biblioteca Nacional, Paseo de Recoletos 20. Ends Apr 8.
Madrid, "Celtic Vision": Show of contemporary artists of Celtic origins who are engaged in creating a Celtic movement and who come from Brittany, Ireland, Wales, Scotland, Spain and Isle of Man. For the first time in Europe. Centro Cultural Conde Duque, Conde Duque 11. (2419294).
Madrid, "Max Ernst": A vast retrospective of master of surrealism on show for the first time in Spain gathers 125 works of his early Dada, futurist, collage and later stages: surrealist works up to his death. On loan by the MoMA, Centre Pompidou, Guggenheim and Menil centres in Europe and the States, offers the fullest study we have yet had of the work of one of the most relevant artists of this century. Fundación March, Castelló 71. Feb 28 to April 27.

NEW YORK
Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe, shows a variety of the holdings, like a French Rococo carriage, firearms, sculpture and a hundred paintings, including 19 Rubens, five Van Dycks, and eight Franscoischi. Ends May 1.
Asia Society: More than 75 sculptures illustrate the five-century long era of the Kushan dynasty in India, when Greek and Buddhist influences were first evident in the country's art. Ends April 6.
Museum of Modern Art: In the centenary of his birth, the museum mounts the largest show ever devoted to the architecture, design and furniture of Mies van der Rohe with 300 drawings, eight models and a full-scale rendering of the chrome-plated steel column from the 1928 Barcelona Exposition. Ends Apr 15.
New York Public Library: Tales of Japan, based on the little-known but

extensive library holdings in Japanese art, presents 130 scrolls, albums and prints covering eight centuries of Japanese popular and religious works. Ends Mar 25.

WASHINGTON
National Gallery: The Treasury Houses of Britain collect 700 objects from 200 stately homes in a show rounded and accented to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 8.
National Museum of American Art: 73 works of New Zealand Maori artists show the mixture of religious, symbolic and artistic traditions in feather capes, ceramic vessels, carved and painted gourds and woven hangings using native materials. Ends March 9. Renwick Gallery.
Smithsonian: The eight contemporary American artists in the Directions series include a light installation made for the show by James Turrell and major pieces by Frank Stella and Robert Morris. Ends Mar 30.

TOKYO
Masterpieces of Karatsu Ceramics: One hundred antique bowls, jars and vases of 16th-century Korean-influenced ware from Kyushu, the large Japanese island nearest Korea. Karatsu is made from sandy, iron-bearing clay and decorated with glazes of dark brown iron and ash white. Formed by hand, they possess a rustic, warm quality and are extremely attractive. Identitas Art Gallery (9th floor of Kokusai Building, Maruzouchi, near Ginza and main hotels). The museum also offers a quiet tea room and excellent views over the oasis at Tokyo's heart, the attractive moat and greenery around the Imperial Palace. Ends Mar 16. Closed Mon.

Theatre

LONDON
The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plummy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sprightly production has smoke, tumblers, rat stew and rolling heads. (930 4025).
Noises Off (Savoy): The funniest play for years in London, now with an improved script by Michael Elliott. The first brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (538 8888).
Starlight Express (Apollo Victoria): Andrew Lloyd Webber's roller-skating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disappointing. Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 0196).
42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been capably received. (338 8128).
Barons (Victoria Palace): Michael Crawford with his breathtaking performance as the circus impresario, adding one or two new tricks in a likable meringue of a musical. (334 1317, credit cards 622 4735).
Guys and Dolls (Prince of Wales): The 1954 Broadway smash hit has arrived in the West End. If anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of John Peters. Richard Eyre's production and John Guter's set design are notably lavish designs complement this most joyful and liberate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows. (330 8851).
Torch Song Trilogy (Albery): Anthony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (328 3878).
Gig (Lyric): Unassuming stage revival of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid rising imitably above the material, Jean-Pierre Améon and Stan Phillips leading more conventional support. John Dexter directs. Jocelyn Herbert designs. (437 3638).
Enterprises (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith reviewing cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1188).
Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical reconstruction of the cast and Mark McGarr's Lennon look-and-sound-alike. (734 4287).

NEW YORK
Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Crock team of Trevor Nunn, designer John Napier and lighting man David Hensley. Colin Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is hauntingly melodic, with serviceable new lyrics from Herbert Kretzmer. (437 0634)

NEW YORK
Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically felicitous, but sticks only in the sense of a rather staid and overblown idea of theatricality. (238 0382).
42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the 30s incorporates gems from the original film like Shuffle Off to Buffalo with the appropriately trash and leggy looting by a large chorus line. (977 9020).
Brighton Beach Memoirs (50th St): For the last time, Neil Simon's mix of Depression-era Jewish houses on a megalomaniac Jewish household where young Eugene falls sweetly in love with his cousin. (221 1211).
A Chorus Line (Siberia): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but has also updated the musical genre with its backstage story in which the songs are used as audition numbers rather than emotions. (239 6200).
La Cage aux Folles (Palace): With some tenuous Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to entertain the feel of the sweet and hilarious original between his-kicking and gassy chorus numbers. (757 9826).
Fun Not Rappagort (Booth): In moving to the new Theatre Royal, the tough, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleverton Little, who almost conquer the world when they think they are just tinkering with each other. (239 6200).
Big River (O'Neill): Roger Miller's music rescues this sedate version of Hank Finn's adventures down the Mississippi. The book is weak with many 1985 Tony awards almost by default. (346 0223).

WASHINGTON
The Wild Duck (Kreeger): Romanian director Lucian Pintilie follows his production of Tartuffe with the 19th-century classic, again using the stunning set and costumes of Bado and Miruna Borzuscua. Arena Stage (488 3300).

CHICAGO
Fences (Goodman): James Earl Jones plays a 1950s baseball player capable of being in the major leagues but subject to discrimination because he is black. In August Wilson's latest drama about the American black experience. Ends Mar 9. (443 3800).

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Legal Notices

No. 001108 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
REDMAN HEEMAN
INTERNATIONAL PLC
AND IN THE MATTER OF
THE COMPANIES ACT, 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 10th day of February 1986 presented to the Hon. Mr. Justice Goff in the High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company and the reduction of its capital from £3,100,000 to £1,000,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Goff at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 10th day of March 1986.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account and the reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person resulting in the same by the undersigned Solicitors on payment of the regulated charge for the same.

Dated this 28th day of February 1986.

10 Fleet Street,
London EC4A 3DF.
Solicitors for the above-named Company.

WARDSON MANUFACTURING CO. LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98B of the Companies Act, 1985, that a Meeting of the creditors of the above-named Company will be held at the offices of Lockhart Currie & Co., 30 Eastbourne Terrace, London W2 6LP, on Monday the 10th day of March 1986 at 12.00 o'clock midday, for the purpose of considering the proposed winding up of the Company in accordance with Sections 98B and 98C.

Dated the 19th day of February 1986.

G. H. BENTON (Mrs.)
Director.

Company Notice
BRASHVEST S.A.
Societate de Investitii
P.L. No. 1401

NOTICE OF DIVIDEND
THE PAYMENT

Notice is hereby given that the administrative council of the company has decided that a dividend of cruzeiros 210 per share will be paid in respect of the six-month period ended on September 30, 1985. The dividend distribution will be made on or after February 28, 1986 to the holders of the ordinary shares of the company who are entitled to the 4th series and after deduction of the Depository's expenses of USD0.07 per depositary share are as follows:

1st series	2nd series	3rd series	4th series
100	17	14	12

a) coupon number 18
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NOTICE IS HEREBY GIVEN pursuant to Section 98B of the Companies Act, 1985, that a Meeting of the creditors of the above-named Company will be held at the offices of Lockhart Currie & Co., situated at 30 Eastbourne Terrace and Floor, London W2 6LP, on Monday the 10th day of March 1986 at 12.00 o'clock midday, for the purpose of considering the proposed winding up of the Company in accordance with Sections 98B and 98C.

Dated the 20th day of February 1986.

G. T. TAYLOR,
Director.

Public Notices

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION PLC.
10% Debenture Stock, 1989-91

Notice is hereby given that the REGISTERED OFFICES of the above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 10.00 a.m. on March 1986 both days inclusive.

By Order of the Board
K. J. McTear
Secretary

48 Palmerston Place
Edinburgh EC2 5NR
28th February, 1986

Personal

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THE ARTS

Cinema/Nigel Andrews

A festival of miracles

Berlin Film Festival Forbidden directed by Anthony Page Car Trouble directed by David Greco Out of Order directed by Carl Schenkel Jewish Film Festival

"Why look for miracles?" says a levitating monk who declines to levitate in Fellini's Gunga and Fred, "the miraculous is all around us."

It certainly is at film festivals. Who needs bizarre movies to write about when the occasions themselves can be so bizarre and outstanding. One of the 36th Berlin Film Festival, just ended, is that it ever got started. Or, having started, ever ran its course. City-centre roads were closed up with snow, critics walking between cinemas resembled the late Captain Oates approaching permafrost state; and to top it off there were stink bombs and protest scuffles in the main cinema.

At festival midpoint, Fellini apart, it seemed that Berlin might also host the greatest wonder of all; no films worth seeing.

But as the weather worsened, the culture thrived. Four films in particular resolved themselves into grace and greatness out of the collective ice-blob. Masahiro Shinoda's Gonzo... Spearman is one of those Japanese movies, set in geometric interiors lambent with colour and subtle movement, that resemble liquid Mondrian paintings. In bygone Japan we confront the mysteries of the "tea ceremony." This has nothing to do with "Do-you-take-some-sugar?" but is a sort of secret-heralded Eastern ritual, full of scrolls and catechisms, that became a keystone of Samurai honour in peacetime.

Caught in the intrigues surrounding it are a series of adultery tales including the titular Gonzo — and their respective families; and the film grows from intricate dialogue scenes in closed rooms to a stunningly powerful pursuit-and-vengeance story. Shinozaki's Le Messie E Finis (Mess is Ended) deals with different rituals, those of the Catholic church, and does so with a shaggy-dog comedy that is irresistible. Moretti, who himself plays the priest struggling with private and parish problems in a rundown Rome suburb, is a lanky, floppy-haired Italian comic who oscillates between sweet-natured laughter and hilariously bawdy tantrums at the world's follies. The comedy is winning, so is the characterisation and so is the search for human values under Catholicism's hearse-canopied.

Outside the competition, the grateful festival stumbled on a superb Taiwanese film and a ditto West German comedy. The comedy, Otto — Der Film, has not only won over the Bundesrepublik — it is the country's biggest-grossing film since the war — but should win fans and influence people elsewhere. Writer-director-actor Otto Waalkes is a walking accident zone who has surrounded himself with genuinely funny accidents, suggesting that classicist timed slapstick scenes to Pythagorean non sequiturs to top-grade movie spoofs.

The Taiwan film, Hou Hsiao Hsien's The Boys from Feng-tseia, suggests that reports of a Brave New Wave in that country are wholly unexaggerated. This city-set tale of kids rampaging through the



Jacqueline Bisset and Jurgen Prochnow in "Forbidden"

twilight zone between adolescence and adulthood is as fresh, tough and invigorating as anything since early Truffaut. Two other films from the same director won high praise elsewhere in the festival.

And as we come to the bad news, the awarding of the Golden Bear for best film to Reinhard Hauff's Stammheim, a crude drama-documentary about the Baader-Meinhof trial which manages to confer a kind of sympathy-by-default on the German terrorist group by the device of pouring near-hysterical scorn on the country's police and legal system, seems to me nothing less than a disgrace. Only jury leader Gina Lollo-Bridici reportedly put up a fight (good for her) against an award for which the only conceivable motive, since the film's cinematic merits are virtually nonexistent, can have been political.

Also causing a head-shake was the awarding of Best Director prize to Georgi Shengelaya. The Soviet director's new film A Young Composer's Odyssey, a ponderous parable set in strife-torn Georgia in 1938 and filmed as if through sackcloth, is far below his best work (eg. Piromani).

Shinozaki's movie managed to lasso an award for excellence of style" and Moretti's film which could well have topped the Golden Bear, won a Silver one instead. Perhaps the topsy-turvy prize distribution aptly reflected a festival in which many of the best films were outside the competition altogether and many of the worst crept into it by boasting points of interest that had nothing to do with good cinema.

Back in London, cinematic virtues are also thin on the ground. Forbidden features that fine English rose Jacqueline Bisset, here pressed flat between the pages of a truth-basser but dutifully told yarn about life in Nazi Germany. Miss B plays a Silesian Countess who helps Jews to escape and gives secret refuge through the war years to her own German-

Jewish lover (Jurgen Prochnow). Her antipathy to Hitler is subtly hinted early on when she screams "You lunatic!" at a TV news film of the Führer.

Armed with this virtuous hatred, she salutes forth to help the oppressed, wearing a noble smile on her face and an eviscerated fox round her shoulders. Her exceptional qualities are apparent in the fact that she is the only character speaking normal English in the film while everyone else, including Herr Prochnow and his mother Irene Worth, speak with heavy German accents. Alternating between the drolly wooden and the wickily melodramatic, the film was made for US cable TV and should have been encouraged to stay there.

Unlike most of my colleagues I enjoyed large portions of the comedy Car Trouble in which suburban housewife Julie Walters goes for a forbidden joyride in her husband's prized E-type Jaguar, picks up a young man, accidentally crashes the car and then gets stuck with him in what can only be called coitus inextricabilis. The film is in appalling taste, and the music and photography are no better than they should be. But who is so stony-hearted as not to chuckle at the things that happen to garden gnomes in the film, at Walters's frantically funny Brummie-gentle accent, or at the movie's demonstration that the gymnastics of sex can be as painful and demanding as the most advanced forms of yoga?

You may also seek out Carl Schenkel's competent little thriller Out of Order, a West German film about a stuck cliff which proves that what goes up must come down unless you live in the age of advanced engineering and the Jewish Film Festival which unfolds its ethnic and filmic riches at the National Film Theatre.

de in Zaragoza, Jovellanos 4. (429316). (Mon, Thu). Barcelona, Puccini's Manon Lescaut. Manon played by Raina Kabaivaniska and Lescaut by Antoni Blanes. Also in cast Jesus Pardo, Carlos Chusson, Piero de Palma; conducted by Maurizio Arena. Gran Teatro del Liceo, Sant Pau 1. (318277). (Mon, Wed, Fri). Madrid, Ballet Nacional de España, Danza Española. Company takes a 25 day residence with three programmes starting March 5. First repertoire includes Mariemma's which celebrates a new era of collaboration between the Teatro dell'Opera and the Teatro Argentina (Teatro di Roma) where the opera was given its first disastrous performance in February 1818. Marcello Palmi conducts and the cast includes soprano Camero, Raquel Pirotti/Alicia Naté, Paolo Barbaresi, Ercolo Mario Barbolino and Justino Diaz. (481755).

Netherlands, Stadschouwburg, New production of The Marriage of Figaro (in Italian) from the Netherlands, with the Netherlands Philharmonic and the Opera Chorus conducted by Hartmut Haenchen. Jake Gardiner as Figaro and Sylvia McNair as Susanna. (242311). The National Ballet with Haydn symphony by Linde, the pre-debut from Le Corsaire, Room at the Top by Rudi van Dantzig, and Corps, a new ballet by Hans van Manen. Men to Wed in Amsterdam, Stadschouwburg (242311). Thu in Groningen, Schouwburg (131044). Spain, Madrid: 1986 season with own production of Strauss' Salome starring Hildegard Behrens with Horst Riemann and Donald McIntyre, conducted by Antoni Ros Marba. Teatro

Borodin Quartet/Elizabeth Hall

The extraordinary Borodin Quartet is such a homogenous ensemble that it is impossible to praise a single member without instantly regretting having left out the other three. On every page of Wednesday's music-making—the second of seven recitals devoted to the complete quartets of Shostakovich—there were striking individual felicities: notably from Mihail Koppelman and Valentin Berlinsky, since first violin and cello are string quartets' natural lyrical protagonists, though not less frequently either from second violin and viola, whose

Il barbiere di Siviglia

Richard Fairman

A couple of cast changes keep this Barber at Covent Garden flying his trade. There has been a sane and sensible production from the beginning, giving the impression that the original producer, Michael Hampe, was a well-meaning choreographer of events rather than an interpreter. What the evening seems to need even more this time round is a quick intelligence somewhere; then we might keep up with the twists and turns of the plot in that detour not to mention Rossini's inventiveness.

The atmosphere is genial, rarely fastidious in Kathleen Kuhlmann, the mezzo, who has found a characteristic Rossini: here is no domestic tigress in the Calas mould, but just a wily and affectionate lady who hardly slips at heart despite what she sings. Even when she learns that she has her man in her grasp during "Dunque in son," she greets the news with a smiling sweetness instead of a contraction of the claws.

Yet that duet has its pleasures even so. Despite the soft edge to the voice (a little more Letta bite would not amiss), Kuhlmann has all the notes and musically a Rossini mezzo could ask for. And so, for the

Royal Philharmonic/Festival Hall

Andrew Clements

A week is a long time in the life of an orchestra. The Royal Philharmonic Orchestra in the Festival Hall on Wednesday at first hardly seemed the band to carry the kind of intensity to the same conductor, Michael Tilson Thomas in the Barbican seven nights ago. Its accompaniment to Franck's Symphonie Variations was, to say the least, ordinary, with out-of-focus lead and lustre-less strings.

But partnering Ivo Pogorelich in one of his more expansive moods cannot be easy. Here he stretched the tempo of the introduction beyond the bounds of credibility, lingered unashamedly over the (admittedly winningly voiced) figure in the final variation and stormed through the finale. The mixture of exquisitely shaped playing and downright willfulness tended to warp the tempo in the tight shape of the Variations.

Left to itself the orchestra was far more settled in Mahler's Fifth Symphony. Tilson Thomas's Mahler seems on this

Music

PARIS Orchestra Colonne, conducted by Claude Barbon with Claude Helffer. Chorus, Barbon. Stravinsky (Mon). Salle Pleyel (451 6630). Dame Janet Baker recital. Theatre de l'Athene (Mon). (4742 6727). Grand Prix de la Musique conducted by Vladimir Fedoseyev with Ivry Gilil: Rimski-Korsakov, Sibelius, Stravinsky (Tue). Salle Pleyel (451 6630). Opera de Paris, conducted by Georges Pretre, Francois-Joel Tronlier, piano: Ravel, Faure, Stravinsky, Mussorgsky (Wed, Thur). Salle Pleyel (451 6630). Ida Rindemann, baritone, David Selig, piano; Schubert (Thur). Salle Pleyel (451 6630). Nouvel Orchestre Philharmonique conducted by Reynold Giovaninetti: Groulan Arriago's Return of Casanova after a novel by Arthur Schnitzler (Thur). Theatre des Champs Elysees (472 9777).

BRUSSELS Nouveau Theatre de Belgique: Guy Mey, tenor and Sylvia Tracy, piano; Schubert (Mon). (640 8437). Conservatoire Royale: Recital by Luigi Alva with Carlos Rivera, piano; Liszt, Schubert, Mozart (Thur). (511 0427). LONDON Milwaukee Symphony Orchestra, Laszlo Fodor, conductor; Nigel Kennedy, violin; Copland, Ives, Bruck, Beethoven. Barbican Hall (Mon). (332 8821). Royal Philharmonic Orchestra, Antonio Lopo, conductor; Verdi, Chopin, Bachmanov. Royal Festival Hall (Tue). (928 3191). JOSEPHINE: Festival. The start of a series of concerts of Rodrigo's music. Bonaventura Sinfonica, conductor Raymond Calcarat; Jean Jones, harp; Julian Lloyd Webber, piano. Queen Elizabeth Hall (Mon). (225 3131).

Dominic Gill

delicate tapestry, the colours misty, the textures almost orchestral in their fullness, piquant, wistful. The remarkable four-part finale of no. 12, a massive scrapbook unified by no perceptible thread except an unflinching, incandescent and unpredictable invention, was for the first time in my experience vividly convincing from first to last: from wild glissando nightmare to sweetest tenderness the Borodin's grip was faultless.

The Black Jacobins/Riverside Studios

Michael Coveney

The story of how the Caribbean island of San Domingo, a wealthy French colony, became the independent state of Haiti following the slave revolt of 1791, is a fascinating subject. C. L. R. James's renowned 1938 study The Black Jacobins. But James, a Marxist historian and cricket writer, had fashioned the material a few years earlier: his play, Toussaint L'Ouverture, was given for two performances at the West-End Theatre almost exactly 50 years ago, Paul Robeson leading the cast and the rebellion as the legendary rebel and freedom fighter.

It is a play on an epic scale, shuttling between San Domingo and the Tuilleries where Napoleon, at the end of the decade, is fretting over Toussaint's proposed constitution. It shadows the French Revolution itself (Toussaint was

the subject of a Wordsworth sonnet); indeed, Toussaint's successor, General Dessalines, is a sort of Robespierre to his innovatory Danton. Recent turmoil in Haiti is accommodated, as in the affair, with confusion and unease settling in as the English traders arrive, Dessalines goes mad and declares himself Emperor. The Duvaliers are not far away.

Yvonne Brewster's production is ambitious, continuously interesting but rough around the edges. One notes a lot of cutting and dramatic fiddling, but not enough. The writing meanders. But how marvellous to see a large-scale project presented by the newly formed Talawa company, full of familiar faces—tackling such important and pertinent historical issues. James's book is very good at pointing up the tensions between blacks and mulattoes

Peer Gynt/Everyman, Cheltenham

B. A. Young

Although the 28 parts in Ibsen's Peer Gynt are played by 11 actors, this production fills to bursting point the new Ralph Richardson studio at the restored Everyman in Cheltenham.

A tall mountain feature occupies one corner in Donald Crespus's design. There is a high balcony atop one wall, with trailing rope ladders for access. Available floor-space is divided between scenery and moveable benches for the audience, members of which may indeed find themselves moved once or twice

Peer Gynt/Everyman, Cheltenham

Later he becomes a smooth metropolitan businessman, entertaining fellow-millionaires on his yacht, or playing at being a Richard III (Dobson Goodman). Later still, he is a regretful old greybeard recalling his adventures as he moves towards his ultimate, barely deserved, serenity with Solveig. Solveig (Elizabeth Williams) is the only notes of Greig's music to be heard in the evening.

Arts Council/Antony Thornecroft

Grants secure for next year

This week the Arts Council is sending out letters to half of its 200 odd directly funded clients informing them of their grants for 1986-87. They will generally receive a small increase on last year, but only in exceptional cases will it be enough to match inflation.

The remaining clients, those affected by the abolition of the metropolitan councils on April 1, will be told next week that the Arts Council will give them at least the same grant that they received this year. This should reassure impatient bank managers. The additional money that clients expect to make good the funding they receive from the disappearing met is still being determined by negotiations between the Arts Council and successor authorities.

In most cases the negotiations are going well, with the councils revealing a willingness to support the arts in their localities. Only in two areas does the Arts Council, and the arts bodies involved, face problems. Islington and Liverpool, both rate-capped and both unappreciative of so-called elitist arts, are unprepared to match Arts Council funds.

In Islington the future of Sadler's Wells has at least been secured until July, thanks to a £50,000 donation from Northern Telecom, but there are fears about the future of the Almeida, a newly arrived, but much acclaimed, feature of the Islington scene, which needs an extra £250,000 in aid to survive the year.

Islington is prepared to put up £150,000 for the arts, for local ethnic and community projects. This leaves a gap of £50,000. Negotiations are continuing. Perhaps some money will be forthcoming from ILEA, or the amorphous Richmond residual bonanza? Or, far-sighted sponsors, aware of the Almeida's reputation?

For Liverpool the Arts Council feels able to give £1m, or 70 per cent of the money needed. Three of the five successor authorities seem to be rallying around but there has been a negative response from St Helens and Liverpool itself. The gap here is £500,000. The Empire and the Philharmonic Hall look safe at least until the end of this year but the Everyman and the Playhouse are in danger.

There will be other crises. The future of the Riverside in Hamersmith is not quite secure and the ICA seems to have got itself badly in debt. But with luck the Arts Council will be able to pull most of its existing clients through to the more abrasive marketing dominated future.

Opera and Ballet

WEST GERMANY Hamburg, Staatsoper: Der Ringende Holländer, starring Ingrid Bjoner, Helmut and Theo Adam. Der Ring des Nibelungen: Ringing the Bell. Ingrid Bjoner, Yoko Kawayara and Toni Blankenhorn. Boris Gudunov offered in concert version, has Richard Fiedler, Ingrid Bjoner, Martti Talvela and Harald Stamm. Die Meistersinger von Nürnberg rounds off the week. (551175). Frankfurt, Oper: La Bohème has guest conductor Alain Lombard, with Marion Vermette Moore as Mimì and Albert Cugis as Rodolphe. Hoffmann's Bräutigam, produced by Herbert Wernicke, features Sarah Aronson, Paula Page and Freya Cochen. Fidelio has Ina Frey-Bachler and Hermann Winkel (23631).

Opera and Ballet

PARIS Opéra de Paris: 20th century ballet continues, after Dionysos, with Les Biches de la Fatale Stravinsky music at the Palais des Congrès (2363075). Shanghai Opera Ballet combines in The Song of Phoenix on Mount T'hi — a Chinese contemporary vocabulary with ancient court and folklore dances, with Peilun Chen's leading and acrobatics. T.M.F. Chatskis (42611963).

Opera and Ballet

LONDON Royal Opera, Covent Garden: Il trovatore, in the second of this season's Royal Opera revivals, has Franco Zeffirelli, Rosalind Elworthy, Stefano Tavernier and Leo Nucci in the leading roles. Further performances of the other long-runnin, Il barbiere di Siviglia, with Mikael Melbye in

FINANCIAL TIMES

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Friday February 28 1986

The case for taxing oil

THE FALL of more than 30 per cent in crude oil prices presents the governments of industrialised countries with some complex macroeconomic decisions. The shock may be fundamentally benign, but its ultimate effects will depend greatly on the policy responses in the US, Japan and Europe. As in the 1970s, the flexibility of economic institutions will be severely tested by the huge transfer of income now taking place: the purchasing power of oil consumers is set to rise by more than \$100bn.

The most tempting response might be to do nothing. The oil price explosions of the 1970s brought nothing but misery—by simultaneously depressing growth and boosting inflation they gave new meaning to the term stagflation. Surely, the argument goes, the sharp fall in oil prices should have precisely the reverse effect and herald disinflationary growth. The industrialised world should simply sit back and enjoy it.

The "do nothing" school thus concludes that the last thing governments should do is tamper with this psychologically important fall in oil prices. There should be no question of taxing petroleum products more heavily (as discussed in France) or of imposing a levy on oil imports (as discussed in the US). This *laissez-faire* stance has its attractions, particularly for those who dislike economic interventions of any sort. Yet it involves an implicit and dubious assumption—that prior to the sharp fall in oil prices macroeconomic policy was seriously out-of-kilter in all the industrialised countries.

The prospective budget deficit is far too large. For America the oil price collapse is a golden opportunity to tighten fiscal policy without greatly offending the electorate. The President should eschew a discriminatory tax on oil imports, which hardly squares with his free trade rhetoric, and sharply increase petrol taxes; by international standards, US motorists would still enjoy abnormally low fuel costs.

Other countries, notably West Germany and Japan, may conclude that fiscal relaxation would have been appropriate before the oil price collapse. But there is no reason for them to let the relaxation take the shape of a very sharp reduction in the price of one commodity. Far better to raise petroleum duties and redistribute at least some of the Opex tax to higher income taxes; this way governments could ensure that the more deserving—the poor or unemployed—get more of the benefit.

Conservation

A similar argument applies even in Britain which, because it produces more oil than it consumes, expects to see a decline in national income on account of "Opex III". The Chancellor's revenues have been squeezed and it may be politically expedient for him to tell the electorate that it has already had the expected tax cuts in the shape of lower petrol prices. But there is nothing to stop him recouping the loss or so through a sharp increase in petrol tax and redistributing it in, say, support programmes for the long-term unemployed.

There is also an important strategic argument for higher petroleum taxes which applies throughout the industrialised world. Oil is a finite resource and most of the low-cost supplies reside in the Middle East. The power of the Opec cartel could be restored almost overnight if oil moved back into chronic excess demand. The mistake here was not to prevent a fourth oil crisis in the 1990s is to keep up the momentum of energy conservation; the only way to do this is to keep the cost of oil to the consumer fairly high. Geopolitical and economic arguments converge: their message is that politicians cannot simply sit back and enjoy the fall in oil prices.

Opportunity

The reasoning is as follows. The oil price fall will have broadly the same effect on industrialised countries as a massive and concerted cut in indirect taxes. Yet before the oil price collapse there was an agreement that vigorous and concerted refutation was appropriate; indeed those who believe that economies are close to their supply constraints would have regarded it as potentially inflationary. If a fiscal boost was not desirable then, it cannot be today. Hence governments should consider a modest tightening of fiscal policy. How better than by raising taxes on petroleum products?

This argument applies with greatest force in the US. Gramm-Rudman notwithstanding, most economists agree that

FRANCO-GERMAN ARMAMENTS CO-OPERATION

The strains are beginning to tell

By David Marsh in Paris

FRANCO-GERMAN co-operative ventures in aerospace and armaments have grown out like ribs from the backbone of post-war political rapprochement across the Rhine. Now, partly as a result of a US drive to woo its European partners with offers of defence technology co-operation, the ribs are showing signs of cracking. Just at the time when Paris and Bonn are stepping up general efforts to harmonise bilateral collaboration on military affairs, difficulties in individual projects in space-helicopters, aircraft missiles—*are* starting to come to the surface with increasing frequency.

President Francois Mitterrand and Mr Helmut Kohl, the West German Chancellor, who have met 12 times since the beginning of 1985, will be doing their best to tone down any question of discord when they conclude the latest biannual Franco-German summit talks in Paris today. They have many positive elements on their balance sheet.

On major strategic issues, the convergence of French and West German policies is now established.

President Mitterrand's support in 1985 for the stationing of intermediate range nuclear missiles in the Federal Republic, and the implicit inclusion of West Germany as part of France's "vital interests" protected by its nuclear deterrent, have marked the demise of the old Gaullist idea that its eastern neighbour represented a buffer against Soviet aggression.

At armed forces level, the two sides are forging greater links through more joint manoeuvres and common training for staff officers. France remains outside the integrated command structure of Nato. But maintenance of French troop levels in the Federal Republic and creation by Paris of a Rapid Deployment Force capable of taking up forward positions in West Germany in case of crisis on the eastern front have been warmly welcomed in Bonn.

Bonn and Paris are also studying a plan to build a joint serial defence system which contains some of the technology being researched in the US for President Reagan's Strategic Defence Initiative (SDI).

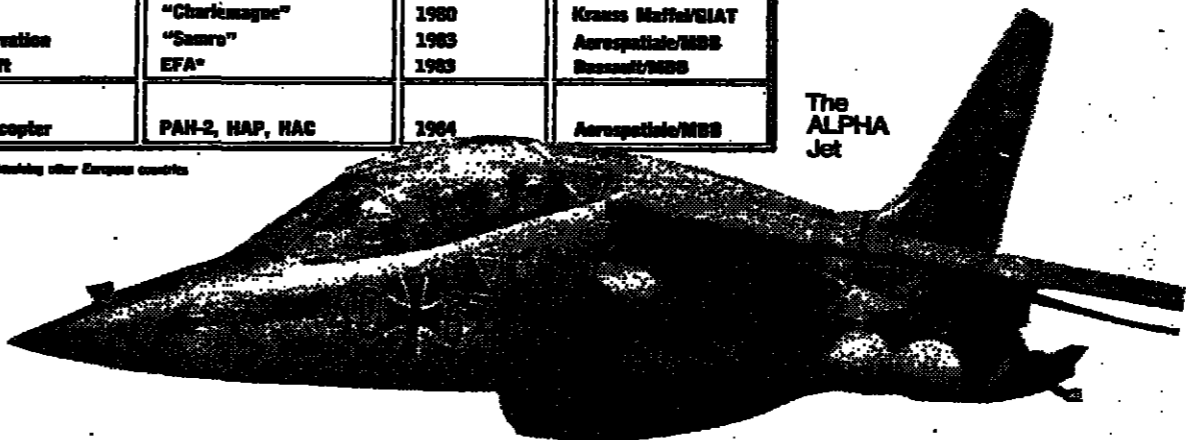
Yet it is in this fundamental area of arms co-operation that the Paris-Bonn axis is showing signs of strain.

A common factor behind the disagreements has been the growing desire of West German industry finally to share in World War Two trauma and to build up an arms and aerospace sector less dependent on France and more in keeping with the country's overall economic muscle.

At the same time, the high cost of modern weapons development and the growing demand for standardisation and inter-operability of Nato equipment is increasing the need for collaborative ventures with other countries.

THE MAJOR PROJECTS			
Product	Name	Programme Dates	Main Franco-German Partners
Military transport aircraft	Transall	1979	Aérospatiale/MBB
Tactical missiles	Hot, Milan, Roland	1982	Aérospatiale/MBB
Airbus	Alpha jet	1970	Aérospatiale/MBB
Military trainer jet	Alpha jet	1970	Dassault/Breton
Rocket launcher	Armauc	1973	Aérospatiale/MBB
TV satellites	TDF-1/2 TV Sat-1/2	1976	Aérospatiale/MBB
Tank	"Charlemagne"	1980	Krauss Maffei/CIAT
Military observation helicopter	"Sasur"	1983	Aérospatiale/MBB
Fighter aircraft	EFA	1983	Dassault/MBB
Anti-tank helicopter	PAH-2, HAP, HAG	1984	Aérospatiale/MBB

* Collaborative projects involving other European countries



THE ALPHA Jet

With the US stepping up overtures aimed at forging technological partnerships with Europe—for instance, over SDI—and European Defence Ministries trying to build up their own procurement links through the Independent European Programme Group (IEPG), the Franco-German axis is no longer exclusive.

It has become enmeshed with a series of other co-operative relationships. And the pressures are inevitably growing on Bonn to choose what, in industrial terms, might appear to be the most cost-effective—by capitalising on already strong military connections with the US and buying equipment, either outright or through manufacturing under licence, from American defence manufacturers.

"The Germans are no longer paying for money," says a US official who follows European military co-operation. "They want to take a long look at joint projects to see if they're getting value for money."

A top French Foreign Ministry official says he has the feeling that the West Germans want to develop their aerospace industry "to have the same scope" as France's. The recent controversy over the bid by Thyssen to build a tank and armoured vehicle plant in Nova Scotia—which could be used to sell arms to the Middle East—concerning that West German company are becoming less reticent about selling weapons even to sensitive areas.

The export success in Saudi Arabia—in keen competition with the French Mirage 2000—of the Anglo-German-Italian Tornado fighter bomber,

followed by the latest German spearheaded efforts to sell the same aircraft to Turkey, have served notice that, in some areas at least, the Germans are even becoming rivals.

A spate of restructuring in the aerospace and electronics industry in the last year—notably the acquisition by Messerschmitt-Boelkow-Blohm of tank manufacturer Krauss-Maffei and the takeover of aero-engine maker MTU, aerospace company Dornier, and, most recently, AEG Telefunken by Daimler-Benz—has demonstrated increased muscle of West Germany's defence technology effort.

Companies like Siemens, Bosch and Volkswagen are becoming more interested in defence business. "It's now respectable to work in armaments," says a top German aerospace executive.

Even though exports may be becoming more important at the margin, the Federal Republic's primary military preoccupation is to build up high-technology conventional defence against the threat of attack on its eastern border.

France, despite its stepped up commitment on the use of troops and air power in any zone of East-West conflict, has a smaller conventional army than West Germany's (with only a quarter as many tanks) and still relies fundamentally on its nuclear deterrent. It also retains relatively widespread post-colonial security responsibilities in areas like Africa and the south Pacific.

As a result, France's defence industry has traditionally been geared mainly to dispersed export markets rather than to meeting specific needs on the eastern front.

The list of Franco-German arms efforts is still formidable. The armaments directors of the two countries' Defence Ministries have on their agendas about 50 separate items of bilateral co-operation.

One example of fundamental divergences, however, came in 1982 with the breakdown of a plan initially agreed by President Valéry Giscard d'Estaing and Chancellor Helmut Schmidt to build a joint Franco-German tank. Differences over timing, costs and specifications proved unbridgeable.

Last year's failure of efforts to build a five-nation European Fighter Aircraft (EFA) for the 1990s is likely to prove still more damaging. Two years of negotiations broke down last summer after the Germans proved more steadfast than many in Paris had imagined—subsequently taken by Spain too—to construct a heavier joint fighter, leaving France to develop Dassault's lighter Rafale aircraft for the moment on its own.

A large amount of US equipment, including central parts of the weapons system, the radars and even the engines, looks likely to be mounted on the West German version of the tank helicopter to come into service from 1992-93.

Realisation, somewhat late in the day, that the US defence industry will probably be the main beneficiary of the EFA setback appears to be the main reason why France has now

launched an initiative within the IEPC to try to ensure better future harmonisation of European military aircraft programmes.

France and West Germany are also having to digest the consequences of the stake in Britain's Westland helicopter group to be taken by Sikorsky of the US.

Aérospatiale of France and MBB were both members of the European consortium which put forward an alternative scheme for Westland. The outcome should logically drive France and West Germany closer together in helicopters. But it could also prepare the way, French officials fear, for Sikorsky's Black Hawk military transport helicopter to make a continental landing.

The Sikorsky-Westland link-up jeopardises the five-nation plan drawn up by France, Germany, Italy, Britain and the Netherlands to build what would be a rival European NE-60 transport helicopter, the parent company, is already believed to have made overtures to West Germany and Italy extolling the merits of the Black Hawk.

The Westland affair also adds a further twist to the troubled Franco-German programme, under discussion since the late 1970s and finally agreed by Mr Mitterrand and Mr Kohl two years ago, to build a joint anti-tank helicopter to come into service from 1992-93.

The project, for which Aérospatiale and MBB have set up a joint company, is now at least two years behind schedule. It will have to be fundamentally redrawn, according to industry officials from both sides. The delay is certainly

strengthening the hand of US companies pushing alternative solutions. McDonnell Douglas, which now owns Hughes Helicopters, has proposed to the Germans the option of the Apache attack helicopter, just entering service with the US army.

Significantly, the West Germans have already given preference to the Apache's TADS/PNVS infra-red night-seeing and weapons sighting system, manufactured by Martin Marietta, to equip the planned PAH-2 in preference to a French system. West German engineering optical and electronics companies are already working as sub-contractors on the TADS/PNVS equipment being installed in the US forces' Apaches.

The French have been on the receiving end of greater German assertiveness in other prestige projects. West Germany's refusal for the moment to put up for France's plan for the Hermes space shuttle, designed to give Europe autonomy in orbital transport by the mid-1990s, has been particularly resented by Paris.

Whatever the political will for greater European collaboration, the signals are that Bonn's existing trans-Atlantic defence links above all its airforce procurement and training, are assuming ever increasing importance.

To take two current examples, McDonnell Douglas—which built the F-4 Phantom—used by the German airforce—offering MBB orders for upgrading and modernisation work on F-4s in six forces in Egypt and Turkey in return for a sub-contracting stake in the German EFA programme.

Hughes Aircraft, which has built up links with AEG Telefunken in supplying its AEG-65 radars for the German Phantom, also looks likely to furnish the radar for the German EFA aircraft. Thomson of France, which is pushing for a European collaborative programme in new generation radars, now believes it has greater chances of achieving this with Britain's Ferranti than with AEG.

Two French defence experts, Mr Pascal Boniface and Mr Francois Heisbourg (the latter is now assistant managing director of Thomson's international division), in a new book on European defence technology, just published in Paris, emphasise the presence of more than 300,000 US troops in West Germany. They write: "If Bonn is ever forced to decide for or against either Washington or Paris, it is Washington which is almost invariably chosen." This represents a warning on the natural limits of arms links with Bonn which France may well have to heed more often in coming years.

"La Puce, Les Hommes et La Bombe"—Hachette.

Singapore's new realities

THE SINGAPORE Government has acted with commendable determination in accepting the findings of the economic committee set up last year to find out what was wrong with its economic management. It is to reduce labour costs and forced, centrally-managed, savings this April by lowering the substantial contribution employers have to make to the state's Central Provident Fund. It is to cut corporation tax from 40 to 33 per cent in April 1987. And, according to first deputy prime minister, Mr Goh Chok Tong, it is to set up a free enterprise zone to lead the Singapore economy into the future.

This endorsement of the committee's findings by the Government is only the latest sign of a sea change in official attitudes to the economy. It speaks and interviews over the last few months the probable heirs to Prime Minister, Lee Kuan Yew—most notably Mr Goh and the Prime Minister Lee Kuan Yew trade and industry minister, Lee Hsieng Loon—have admitted that the dirigiste style of government led to major mistakes, including an excessive dependence on US direct investment and on an over-blown construction sector.

The Government has been doing a lot of listening since last summer when Singapore's economic growth evaporated. It has set up a Business Enterprise Committee to discover how much of the ubiquitous red tape that controls business life in Singapore can be done away with. Singapore-based bankers, who have long said that the Government's bossiness hindered the state's emergence as a financial centre, now report that the Monetary Authority of Singapore has become much easier to talk to at high level.

Commitment

Question marks over the new attitude inevitably remain. The announcement of a two-year wage freeze sits oddly alongside a commitment to deregulation. With zero growth predicted for this year, and mounting unemployment, the Singapore economy is scarcely in danger of overheating.

Then there is the thorny matter of the "lifeboat" floated

by the authorities to support stockbrokers jeopardised by the collapse of Pan-Electric Industries with its commitment to buy US \$65m worth of shares. It now appears that the MAS has decided to have it both ways, talking bankers into propping up brokers, without being fully prepared to underwrite the broking industry in the last resort. The mistake here was not that the Government failed to provide, but that it refused to decide which eggs could, and could not, be broken in a free enterprise system adapting to the end of a prolonged boom.

This could prove a particular example of a larger problem to come. The new readiness of the Government to consult and respond extends so far only to the business sector; it is not a state that reaches the public at large. Yet it is inevitable that Singapore workers are going to pay the price of the new realities. Their pay will be frozen. The fund benefits from the provident fund will be reduced. Their expectations about pay, prosperity and job security will be disappointed as Singapore's entrepreneurs seek to rediscover growth in ASEAN's general economic malaise.

Consensus

The question is whether, in their response to all this, they demand a political liberalism that match the economic liberalism that events have required of their traditionally paternalist and Confucian society. So far government officials have stressed the need to protect the grip of the People's Action Party, with its 77-to-2 majority, from any sudden upset bred of recession. Mr Goh, for instance, is still of the opinion that Press and government should not try to influence people in different directions.

Consensus and discipline undeniably remain important ingredients in economic success. But Singapore's next generation of political leaders will not be able to demand such discipline in return for prosperity and growth that they can live from on high. The future shape of Singapore's economy will flow up from below, and it is a fair bet that opinions, demands and convictions will flow up with it.

Fernandez keeps the bank

Many people must be wondering how Jose Fernandez has survived the purge of Cabinet ministers in the Philippines after Corason Aquino succeeded the deposed Ferdinand Marcos. Fernandez, silver-haired and affable, has been re-appointed governor of the Philippines central bank.

Since he was appointed in January 1984 from the Far East Bank, he has tried to restore the central bank's credibility (after the figures for the country's foreign exchange reserves had been artificially inflated under the direction of his predecessor).

But in the three months before the election which toppled Marcos the money supply exploded, partly, many thought, because of an orgy of government electioneering and vote-buying.

Fernandez has been accused of mishandling the crisis in the country's banking sector in the last days before the elections. Filipino peso currency notes with identical serial numbers appeared in Manila, much to the bank's embarrassment.

The bank was widely suspected of printing money in duplicate and triplets—while trying to limit the amount by which it officially exceeded the money supply targets agreed with the IMF.

Fernandez, always popular with his colleagues and foreign bankers, came under intense pressure from the opposition to resign at that moment.

It appears, however, that he has admirers and allies within the Aquino camp. His most ardent supporter seems to have been Jaime Ongpin, the new finance minister.

Ongpin has made a spirited defence of Fernandez on tv, saying that had Fernandez not been re-appointed he would not have served in the new government either.

"People have jumped to the wrong conclusions," he said. "Fernandez has done a yeoman job in trying to keep the system together under very difficult circumstances. It is grossly unfair to blame him for the

Men and Matters

troubles which existed when he took over."

Ongpin also said he accepted an explanation that the duplicate notes had been tampered with after being issued by the central bank. He did not say by whom.

Fernandez enjoys a high degree of confidence in the international community, and Aquino clearly took that into account as she contemplated forthcoming negotiations with the IMF, when the Philippines will seek a refund of the next tranche of US aid money.

Taking M'Bow

Britain has followed the US in shunning Unesco in disapproval of the policies of that UN body, and of its secretary-general M'Bow. Well... not entirely it seems.

When the Commonwealth Institute in Kensington, London, launches a nine-month spectacular next month called Caribbean Focus it will depend heavily for the financial success of the event upon £17,000 of Unesco money.

To protect political positions the cash will not be paid direct from the Unesco Paris headquarters which the British quit at the beginning of the year.

Instead the money is being "laundered" and will arrive in Kensington by way of Nigeria, Barbados, and Guyana, thinly disguised as contributions from those nations.

Viennese visitor

A one-time member of the Vienna boys' choir and man-about-town who changed his ways to become Vice-Chancellor of Austria two years ago, at the age of 88, is in London as guest of the British Government.

Steger has a round of more business-like meetings with Mrs Thatcher, with Paul Chamorro, Trade and Industry Secretary, to discuss mutual trade; and with Geoffrey Pattie, Minister for Information Technology, to talk among other things about



"£88 million on Nimrod? They could buy a fair slice of General Motors for that amount."

Dr Norbert Stegger, still a mere strapping by the traditions of the Austrian political establishment, is also Minister of Trade and Industry, and head of the liberal party.

He has brought a thick book of horse photographs to present to Prince Charles today—pictures of the Lippizaner horses which perform 17th-century dressage at the Spanish Riding School in Vienna, of some of the coaches used by the Hapsburg emperors, and of a Flaker, that symbol of Viennese Gemuetlichkeit, the horse-drawn carriage that still plies for hire by tourists.

the Eureka programme for technological cooperation.

At lunch today, Steger will also be trying to convince a group of industrialists that Austria is a good place in which to invest.

Does he think his task has been complicated by Austria's recent stream of bad publicity? Well, he says, the problems of the deficit-ridden nationalised industries have been tackled; new legislation is designed to take those industries off the political jobs-for-the-boys merry-go-round; private industry is doing well, and strikes are almost unknown.

Show boat

Richard Branson's attempt to take the Blue Riband for the fastest trans-Atlantic sea crossing founded last year (literally)—but the music and airline entrepreneur has lost none of his enthusiasm.

Branson, and the rest of his crew, leapt out of an emergency craft safely beached in a London restaurant yesterday to confirm that they are indeed going to try again.

Virgin Challenger II, already being built in a Lowestoft boatyard, will be a monohull rather than the twin-hulled challenger that was holed by floating debris 168 nautical miles short of the Scillies.

Branson was very pleased with the publicity generated by the last record-breaking run. Public awareness of his airline Virgin Atlantic was greatly increased on the eastern seaboard of the US by television news coverage of the departure from New York harbour to the starting point at the Ambrose Light.

Despite the prospect of another Atlantic battering, Branson can rely on further enormous waves of publicity—if yesterday's crowded Press conference is anything to go by.

He was asked whether it was really a record-breaking attempt or a commercial exercise designed to generate publicity.

"A bit of both," Branson conceded.

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Observer

HALFWAY THROUGH Tuesday the British Government has reasonable cause for satisfaction. By the end of the evening, however, expectations were dimmed: political activists in Belfast had turned down what the Ulster Unionist leaders, Mr James Molyneux and Mr Ian Paisley, had appeared to accept in London in the morning.

Is this the end, or at least the beginning of the end, of another British initiative in Northern Ireland? The answer must be "no" because Mrs Margaret Thatcher has gone too far down the road of the Anglo-Irish approach to turn back now.

We shall know more on Monday when the Ulster loyalists are due to hold a 12-hour strike in the province. It will be interesting to see the level of participation, how disruptive it is, and, not least, whether the cold continues to hold. If there are power cuts with the temperature below zero, it will not be easy for the Government to maintain the sympathy of the faithful.

However it goes on Monday, those who back the strike will still have to decide what to do next. Are they to have a strike every other Monday, or go for all-out industrial action? Or, just maybe, support will be so low that they will realise they are fighting a losing battle.

What the extreme Unionists ought to bear in mind, but clearly do not, is that the circumstances are quite different from 1974 when a two-week strike by Ulster workers put an end to the Sunningdale Agreement of 1973 and the power-sharing executive that went with it.

Nothing is comparable. The Sunningdale Agreement was sunk largely by domestic events in Britain. There was a miners' strike and a severe oil price crisis. The then Mr William Whitelaw, who had played a large part in negotiating the agreement, was replaced by the Secretary of State for Northern Ireland to the Department of Employment.

The impetus behind the Sunningdale Agreement thus disappeared. There was no great attempt to defend it and indeed, when the Ulsterists began, there was no determination on the part of the British Government to resist it and to facilitate those who wanted to go on working and might have done it had there been any encouragement. There was a failure of will.

A tiny sidelight on the Labour Cabinet's lack of interest comes from Barbara

Politics Today

Towards high noon in Northern Ireland

By Malcolm Rutherford

Castle's Diaries for 1974-76. In nearly 800 pages the breakdown of power-sharing in Northern Ireland is scarcely mentioned.

Today everything has changed. Mrs Thatcher is not facing a general election. She has a huge parliamentary majority. On the Anglo-Irish agreement signed last November the majority includes the bulk of the Labour Party, and the Liberal-SDP Alliance.

There have been some more general changes. Several senior figures in the Cabinet now take an interest in the Northern Ireland question: for example, Sir Geoffrey Howe at the Foreign Office and Mr Douglas Hurd at the Home Office.

Northern Ireland has ceased to be a fringe issue, regarded as too complex to be worth seeking to understand. It has become central.

Moreover, there has been a steady improvement of relations between London and Dublin, and not only because Britain and the Republic belong to the European Community.

It is hard to prove conclusively, but one suspects that there has been a change as well in British public opinion. The question has been posed: why do the Unionists protest such

loyalty to the mainland while continuing to behave in such an un-British way? The British, on the whole, do not go about marching, beating drums, carrying banners and rejecting every reasonable compromise on offer.

There may also have been a switch of sympathy: why does the majority in Northern Ireland appear to go on oppressing the minority and refusing to work with it?

Not least, there is the matter, more familiar to ministers than to the electorate of public spending. It costs a lot of money to keep up Ulster to the

Unionist equivalent of the Irish Republican Army may be a little strong, but it does come to a lot of minds.

For Northern Ireland the problem has been compounded by the rejection of the leadership of the Unionist parties by their own militants.

The rebuff to Mr Paisley, however, is of quite different proportions. He seemed often to be a wild man himself, though there were times when he appeared capable of taking on the mantle of statesman if ever the moment were ripe.

No one expected the Unionist leaders to be repudiated by their militants in Belfast

standards it thinks it deserves, and for no great return. Mr Chris Ewart-Scott, a former junior minister for Northern Ireland, noted in a lecture last year that there were proportionately more BMWs sold in and around Belfast than in any other region of the UK, yet at the same time there were some of the highest rates of unemployment and public subsidy.

Taken together, these are powerful sentiments which do not suggest there will be much underlying British support for whatever the Ulster loyalists get up to on Monday. The charge that they are the

It went on: "The Prime Minister agreed to consider positively a suggestion by Mr Molyneux and Mr Paisley that the Government should call a Round Table Conference to discuss devolution in Northern Ireland... It was agreed that the Prime Minister and the Unionist leaders would reflect on the various suggestions that had been made and would meet again shortly."

Then, in the only passage that could be possibly interpreted as showing any British deviation from the Anglo-Irish agreement, it said: "It was understood that

if after discussion with all concerned the ideas raised in our talks today bore fruit, we should need to consider what that meant for the work of the Inter-Governmental Conference." (The Conference, which allows for Anglo-Irish discussions, is at the heart of the agreement.)

Official Irish sources say that the Irish Government had no objections to that sentence being included in the statement. It is true that neither Mr Molyneux nor Mr Paisley signed the statement. It was issued in the name of the British Government. But they did not specifically object to it, either. That was why there was a certain amount of optimism around Whitehall on Tuesday afternoon.



Loyalists march down Royal Avenue, Belfast. Terry Kirk

Lombard In defence of teachers

By Michael Prowse

A POPULAR explanation of Britain's relative economic decline is that for social and financial reasons too few of the best graduates have wanted to work in the right place—in industry. The Civil Service, the professions, the City and the media have scooped up an unfair share of the talent.

Thatcherism, however, is having profound social consequences: some of these favoured occupations are now looking less attractive. But there are no signs that it is pushing the brightest graduates towards the brightest graduate occupations.

The media, too, are losing their shine. Fleet Street's monopoly is breaking down. Free entry to the industry may result not only in a cascade of new titles but in a levelling-down of salaries.

So is everything in the garden rosy? Will Britain prosper as the best graduates are forced by default to make a beeline for the boardroom? The signs are not altogether encouraging. After all one of the favoured occupations of recent years—the City—has become still more attractive.

Moreover, the reluctance of young Britons to do anything really productive seems very deep-seated. Management consultants has surfaced as one of the trendy destinations for the brightest graduates. Obviously, it is more fashionable (and safer) to advise other people on how to take risks than to take the risks oneself.

The deeper worry is that even if the Thatcherites do succeed in pushing more graduates of the right sort into industry, they will still fail to solve the country's most pressing economic problems. All the evidence suggests that the performance of economies now depends increasingly on the education and skills—the accumulated "human capital"—of their workers.

If Britain is to flourish in future decades, it will need to be knowledge-rich. Education is the sector that needs the biggest boost, yet during the Thatcher years it has received a battering. People are now saying that more of the brightest and best should have gone into basic industry.

Prime Minister an honorary doctorate. The seeds of another stage in Britain's relative decline may have been sown in the progressive alienation of teachers—whether they be kindergarten minders or university academics. A few decades hence, people may find it quite incomprehensible that, in the 1980s, schoolmasters were paid so little and Eurobond traders so much.

Famine relief in Sudan

From the Minister for Overseas Development

Sir—Mary Anne Fitzgerald's article (February 19) paints an incomplete picture of the prospects of averting famine in Sudan this year.

I myself returned last month from Khartoum and recognise that it would be foolish to underestimate the difficulties facing the relief effort. But apart from the funds committed by the European Community, the British Government has committed a total of £6m specifically for the distribution of relief supplies this year in the remote regions of Darfur and Western Sudan, an area particularly badly affected by logistical problems last year.

This assistance is part of our larger bilateral relief effort in Sudan, which has amounted in total to £94m since October 1984. In addition, we are launching a development programme which includes a number of projects designed to rehabilitate and develop Sudan's agricultural potential, and to help avert the recurrent famines in the future.

Letters to the Editor

fallen by approximately \$35bn per annum.

It is also true that the process of receivership and/or liquidation contributed to the completion of new capital projects on a viable basis in the 19th century and can today represent a viable solution for businesses which have become impossibly burdened with debt.

Governments are often unjustifiably shy of permitting the process of receivership which can lead to the re-organisation of a business on a viable basis.

In summary, if Europe is to solve its unemployment problem and the world economy is to move ahead on a sustained basis, it is essential that the Baker plan has to be done to alleviate the economic strait-jacket of the LDC debt problem.

stick falls too far below the minimum, the engine seizes up.

While the LDC debt problem remains dangerous and unresolved, potential solutions are, however, available which would not run the risk of plunging the world into 20 years of economic depression caused by a major financial crash.

Interest rates are likely to fall substantially in all currencies in the near future. The process of disinflation began four or five years ago and is gaining pace.

Additional action is, however, urgently needed. This is likely to involve a mixture of continuing an element of LDC debt to equity and possibly transferring some of the ownership thereof; assistance on a much larger scale by Western governments under a Marshall-style type of approach; and the continued write off of LDC debt by the banking system.

Falklands should be sold

From Mr R. W. Broad

Sir—Malcolm Rutherford (February 21) quotes the Foreign Office estimate that since 1982 the Falkland Islands have cost the taxpayer some £2.6bn, which is also the value, I believe, of the public investment in RL.

Does this not point to a solution to the Falklands problem: privatisation by sale to the highest (or the Government's favourite) bidder, with appropriate redundancy terms for any of the 1,022 local workforce who might not wish to stay on under the new management?

Alternatively, the islanders might like to arrange their own buy-out.

Although the almost universal acceptance of the new shares by British Telecom employees (in defiance of the admonitions of their shop stewards) probably attracted the greatest publicity, the jewel in this particular crown is clearly the National Freight Consortium.



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FINANCIAL TIMES

Friday February 28 1986

BELL'S
 SCOTCH WHISKY
BELL'S

MARKETS REACT CAUTIOUSLY TO CANADA'S DEFICIT-CUTTING BUDGET

Delicate balancing in Ottawa

BY BERNARD SIMON IN OTTAWA

FINANCIAL markets reacted cautiously yesterday to the deficit-cutting budget tabled on Wednesday evening by Mr Michael Wilson, Canada's Finance Minister.

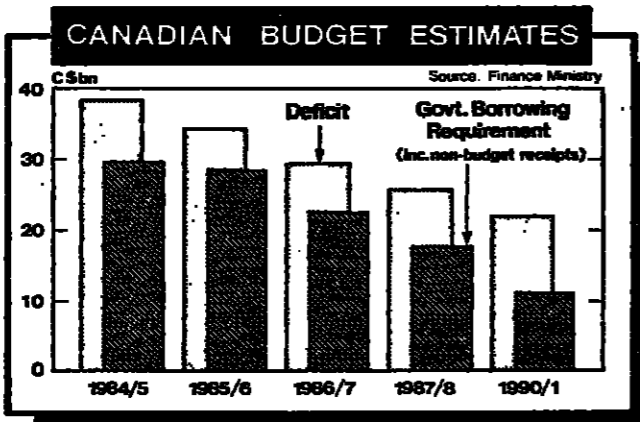
The Canadian dollar, which reached a record low earlier this month before Ottawa intervened with a strong support package, slipped in early trading yesterday to 71.01 US cents from Wednesday's close of 71.88 US cents.

Canadian businessmen, who had encouraged Mr Wilson to take firm action to bring down the deficit, welcomed the C\$4.8bn (US\$3.11bn) reduction in the budget shortfall, but expressed reservations at the substantial increase proposed by the minister to the high tax burden already shouldered by Canadians.

A foreign exchange analyst at Royal Bank of Canada said yesterday that financial markets' expectations for the budget "were very difficult to meet." He forecast that the Canadian dollar would trade in a range between 69.50 US cents (which is slightly above its historic low) and 72.50 US cents over the next few months.

The budget aims to bring down the federal deficit, proportionally one of the highest among industrial countries, from 7.6 per cent of gross national product in the current fiscal year ending on March 31 to 6 per cent next year and 3.4 per cent in 1990-91. The Government's borrowing requirement is targeted to fall from C\$29.8bn last year to C\$11bn at the end of the decade.

Mr Wilson proposes to achieve these goals by a combination of spending restraint and higher taxes. The Government's discretionary spending, which excludes social security outlays, is expected to fall



by 1.4 per cent in 1985-86, the first decline in 20 years, and to move up by an annual average of less than 2 per cent in nominal terms for the rest of the decade. These outlays have climbed by an average of 12 per cent a year since the mid-1970s.

A wide range of tax changes will raise a net C\$1.4bn in new revenues. Increases include a 1 percentage point rise in manufacturers' sales tax (to 12 per cent on most items), a 3 per cent surcharge on personal and corporate income tax rates and higher duties on alcohol and tobacco. Tax credits on inventories, new investment and dividends will be abolished or scaled down.

Mr Wilson has performed a delicate balancing act, trying to reassure the business community at home and abroad that he is serious about attacking the deficit while taking care not to provoke a domestic grassroots backlash.

Deficit reduction is not the popular cause in Canada that it has re-

cently become in the U.S. In a country with an extensive social security net, where many regions and industries depend heavily on government support, talk of public spending cuts raises fears of higher unemployment, a drop in the quality of health and education services and erosion of pensions and other welfare payments.

Humiliated last year when a public outcry forced the Government to back down from plans to start de-indexing old-age pensions, Mr Wilson asserted in Wednesday's budget that "the Government is not prepared to dismantle social programmes."

Spending cuts this year thus do not impinge on the C\$53bn budgeted for social security, health and education. But Mr Wilson has reopened the sensitive issue of social security cutbacks by warning that reforms will be proposed next year to reduce benefits to those with high incomes.

For the time being, the axe has fallen mainly on less politically vulnerable areas, including foreign aid (to be cut by C\$83m this year and C\$205m in 1987-88) and defence. Government departments' operating costs will rise by no more than 2 per cent a year from 1987.

Mr Wilson and local financial analysts expect that the deficit cuts will be deep enough to relieve recent pressure on the dollar and allow a drop in domestic interest rates.

As part of efforts to support the currency, short-term rates have risen sharply, with banks' prime lending rate advancing from 10 per cent to 13 per cent since the beginning of the year.

The Bank of Canada signalled Ottawa's wishes yesterday by lowering its benchmark Bank Rate. The budget assumes that the 90-day commercial paper rate, now at 11.1 per cent, will average 9.5 per cent this year and 8.7 per cent in 1987.

Market views will be coloured over the next few months, however, by the course of the Canadian economy. The budget assumes that Canada's GNP growth rate, recently the highest among industrial countries, will slow from 4.5 per cent in real terms last year to 3.7 per cent in 1988 and 3 per cent in 1987. This year's growth is expected to come mainly from buoyant capital investment and a strong housing market. As a net oil and gas exporter, Canada is closely affected by world energy prices. The budget assumes that contract prices for Saudi Arabian light oil will average US \$22.50 for the rest of 1986, rising after that in line with the US inflation rate.

Aquino outlines debt plan and frees prisoners

By Alain Cass

and Samuel Sorenson in Manila

PRESIDENT Corason Aquino of the Philippines took her first step in trying to end the country's Communist insurgency yesterday by ordering the release of three dozen political prisoners as a nationwide sweep began for weapons held by supporters of Mr Ferdinand Marcos, the deposed leader.

At the same time both Mrs Aquino and Mr Jaime Ongpin, the new finance minister, said they would seek to negotiate better terms for the repayment of the Philippines' \$26bn debt. "I will ask for better terms, similar to what was done in Argentina when a new government took over," Mrs Aquino told a US television interviewer. Creditors would be asked "to give us time."

Mr Ongpin, who said that the economy faced "very serious structural problems," will today meet Mr Cesar Virata, the former Prime Minister and Finance Minister, to be briefed on the full scope of the problems he has inherited.

The Filipino peso strengthened against the US dollar yesterday - in the first day of trading since Mrs Aquino's accession - both in the official and black markets. Trading on the Manila Stock Exchange also received a boost after weeks of inactivity as confidence began to revive.

The move to release 36 political prisoners fulfils one of Mrs Aquino's key election pledges, but there was some concern that the weapons search might lead to clashes between Marcos and government supporters.

Gen Fidel Ramos, the country's new chief of staff and one of the leading anti-Marcos rebels, called for restraint among army units conducting the weapons search after concerned callers flooded TV stations with complaints.

Earlier in the day he announced the release of political prisoners to cheering crowds at Camp Crame, the seat of the rebellion, following a mass conducted by Cardinal Jaime Sin, Archbishop of Manila.

Mrs Aquino ordered the release of the detainees for humanitarian reasons and to promote national reconciliation," according to Gen Ramos, who added that at least 400 prisoners may be released. Although the detainees included both human rights activists and left-wingers, the act is the first sign that Mrs Aquino intends to press ahead with plans to negotiate a settlement with the 16,000-strong Communist New People's Army.

The issue, which deeply concerned the US, is likely to be raised when Mrs Aquino sees Mr Philip Habib, President Ronald Reagan's special envoy, Mr Habib, who arrived in Manila yesterday, said his mission was to learn how the US could help the new administration.

An early source of strain between the US and the new Philippine President could be her desire to lay claim to Mr Marcos' assets in the US. Congressional investigators believe they have identified \$350m of New York real estate belonging to Mr Marcos and his wife, Imelda, while US intelligence sources reportedly put the family's total personal wealth at \$3bn.

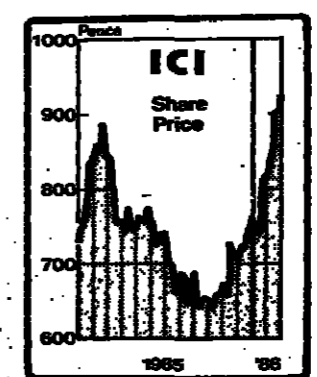
Mrs Aquino said yesterday she wanted the Marcos wealth back in the country. But the Reagan Administration is refusing to back the efforts of some Democrats in the House of Representatives to freeze the Marcos assets so that they cannot be protected from future claims by the Philippine Government.

Philippines corruption, Page 3

THE LEX COLUMN

ICI exports its rating

The jobs seem for the moment to have given up trying to push the equity market down as soon as it opens. Yesterday morning the FTSE index was showing a gain of 20 points long before the mid-morning coffee break and all the jobs could do was grin and bear it. Not every institution reckons that the equity market represents solid value at its present level but, so long as every index sets a new record almost every day, selling shares is simply too painful and expensive.



Wall Street traders in the shares of ICI do not quite make the market, as yet, but there is no questioning their ability to move it. Not for the first time, the Americans have gone to work on ICI this week, in some cases armed with forecasts that are about 20 per cent more optimistic than anything that is current in London: the difference between sober estimates of a flatish £1bn for 1986 and a dare devil £1.2bn is perhaps what will decide whether the recent run in the share price has further to go.

At 917p, up 10p yesterday, the shares took little notice of the final-quarter figures, which showed pre-tax profits £29m short of the £25m seen in 1984. Reconciled from last summer to a full-year total, the market has been looking for better things in the current year ever since oil prices and the sterling/D-Mark exchange rate started to weaken before Christmas.

These are influences which the ICI of even two or three years back would probably have regarded with undiluted pleasure. The early quarters of 1986 seem to offer as glittering a prospect for bulk chemicals as anyone could wish. Strong demand has so far kept European selling prices firm, the currency has swung in the current year ever since oil prices will be much reduced once lower oil prices work downstream.

The trouble with this is that ICI has spent a great deal of effort and money in the attempt to make itself into one of the world's larger speciality chemical companies, with a higher market rating its reward at the end of the rainbow. Yet a large portion of the fashionable "active chemistry" profits are due to effect in dollars, not the most favourable

currency in which to produce growth of sterling earnings this year.

If the dollar rebounds, or the Benetton companies turn on an unexpected surge of growth, the fancier US profit estimates may be justified; on a multiple of eight, ICI would certainly look a bargain. But if this year's growth comes from bulk chemicals in Europe, that is just about the rating which it merits.

Royal

If the third-quarter results from Royal Insurance were a crossroads for the London equity market, revealing the concrete benefits of the US recovery on the profitability of composite insurers, yesterday's figures for the fourth quarter were bound to be little better than a signpost.

But yesterday's seven-fold increase in pre-tax profits - to £24m, making £41m for the year - was as clear an indication of the momentum of the recovery as any bull could want.

It is as if the entire insurance industry had woken from a dream. It is no fun resuming premiums anywhere in the world, but the sheer pace of the US rate increases is astonishing. In the fourth-quarter commercial policies, which dominate Royal's US book, were costing an average of two-thirds as much again to renew. The greater business helped cut three points off Royal's worldwide expense ratio. With the Canadian business better reserved and following the US upwards, Royal should multiply its

Pilkington in talks to buy US glass group

By William Hall in New York

PILKINGTON BROTHERS, the UK glass manufacturer, is holding takeover talks with Libbey-Owens Ford (LOF), the Ohio conglomerate, which could lead to Pilkington's buying its glass business, one of the world's largest makers of automotive glass.

LOF and Pilkington Brothers jointly announced yesterday they are negotiating the possible sale of LOF's glass business to Pilkington Brothers.

LOF Glass is the third biggest glass manufacturer in the US and more than half of its annual sales of \$690m are understood to be taken by General Motors, the world's largest car manufacturer.

Pilkington bought a 30 per cent stake in LOF in 1983 after it purchased 4m LOF shares from Gulf and Western, the US conglomerate.

Ariane plan on extra launches

Continued from Page 1

ding to put Japanese communication satellites into orbit. Arianespace is also raising its prices for export customers to offset the effect of the fall in the dollar on its French franc-based costs. Mr d'Allest declined to give the amount of the price rise but he did not disagree with suggestions that it could be about 20 per cent.

The extra eight satellite launches which Ariane is offering for 1987-88 would add a further four Ariane missions to the 13 already scheduled for 1987 and 1988. A further seven Ariane missions are planned this year from the space base at Kourou, French Guiana. These will carry a total of 10 or 11 satellites following the successful placing in orbit last weekend of the French earth observation spacecraft Spot and a Swedish scientific satellite.

Egyptian death toll rises as troops battle to regain control

BY ROGER MATTHEWS IN CAIRO

THE OFFICIAL death toll from the insurrection by paramilitary forces in Egypt rose to 38 yesterday as troops battled to regain control of the area close to the Pyramids. At least 2,000 people have been arrested.

Elements of the Central Security Forces which went on the rampage on Tuesday night and Wednesday were still putting up strong resistance near the Pyramids, on the western edge of Cairo, although in other areas the Government appeared to have the situation largely under control.

The indefinite curfew was lifted for three hours in the middle of the day to allow a few shops to open, and Cairo airport resumed international flights.

Dr Osama el Baz, President Hosni Mubarak's political adviser, said that 32 members of the Central Security Forces had been killed, together with two soldiers and two civilians. Nearly 300 people had been wounded, including four French.

Dr el Baz sought to play down the three days of clashes, describing them as "limited incidents within police camps." He also hit back at

Israeli Prime Minister Shimon Peres expressed support for Egyptian President Hosni Mubarak. "Mubarak's presidency is beneficial to Egypt and beneficial to peace," Mr Peres told Charge d'Affaires Mohamed Elmaghrabi, Cairo's top-ranking diplomat in Israel, according to the Government in Jerusalem. "The prime minister expressed his support for President Mubarak's efforts to overcome the domestic problems in Egypt."

suggestions that the conscripts in the Central Security Forces were treated badly, stressing that in addition to their monthly wage equivalent to about \$6 they received free accommodation and food.

President Mubarak yesterday morning met leaders of the official opposition parties represented in the National Assembly. Mr Ibrahim Shukri, leader of the Socialists, said afterwards he had urged the President to sack the Minister of the Interior, who is responsible for the Central Security Forces.

Mr Mustapha Murad, the Liberal

leader, said he had asked the President to form a coalition government which would be more representative of the people.

Government officials have promised to release within two or three days their initial assessment of the reasons for the rioting, following the interrogation of those ring leaders who have been captured.

President Mubarak has pledged strong measures against those responsible directly or indirectly for "sabotaging" the country, and may consider other action against those opposition parties which he believes have been taking advantage of his attempts to introduce greater political liberalisation.

Tanks and armoured personnel carriers were last night still deployed in several areas of the capital where the worst rioting occurred and alongside key installations.

Most of the commercial centre of Cairo remained closed throughout yesterday, with small groups of people waiting for banks and airline offices to reopen. Officials said they hoped the curfew could be lifted for more than three hours today.

Deeper malaise, Page 3

TWA launches \$223m cash bid for Ozark

BY PAUL TAYLOR IN NEW YORK

TRANS WORLD AIRLINES, the fourth largest US carrier which was acquired last month by Mr Carl Icahn, the Wall Street financier, yesterday made a cash takeover bid valued at more than \$223m for Ozark, a major US regional carrier operating out of St Louis, Missouri.

The \$19 a share TWA bid comes less than a week after Texas Air agreed to buy troubled Eastern Airlines. It represents further stark evidence of the sweeping consolidation under way in the deregulated US airline industry.

TWA's bid was revealed yesterday by Ozark Holdings, parent of the regional airline. Ozark added

ICI profits below £1bn

By Lucy Kellaway in London

ICI yesterday slipped back below the £1bn mark when it announced pre-tax profits of £912m (£1,677m) for 1985, well short of the record £1,633m the previous year.

However, the City of London had prepared itself for a lower figure, and ICI shares, which touched 923p at one point, closed 10p higher at 917p.

Sir John Harvey Jones, the company's chairman said yesterday afternoon that the underlying trend justified the group's move away from bulk chemicals into specialist areas which now accounted for about 80 per cent of chemical profits.

Details, Page 26

UK arrests 12 in gold tax probe

Continued from Page 1

the soundness of JMB's bullion operations. At the time, Mr Leigh-Pemberton dismissed the SDP leader's comments as "ill-informed" and "ill-founded" and damaging to the prospect of selling JMB back to the private sector.

Yesterday Mrs Thatcher told the Commons that the raids were a matter for the Customs and not for ministers. Mr Bernard Weatherill, the Speaker, turned down Dr Owen's request for an emergency debate, adding, however, that "I in no way underestimate the importance of this."

The City of London Police Fraud Squad, which is already investigating a number of JMB-related matters, said that it had not been involved in this case and that VAT was purely a Customs concern. In a statement, JMB said that it hoped "that this matter, relating to transactions undertaken by certain bullion traders, will be clarified expeditiously."

World Weather

Area	Temp	Wind	Cloud	Visib	Humid	Area	Temp	Wind	Cloud	Visib	Humid
Algeria	12	5	100	5	85	London	10	10	100	5	85
Amman	15	10	100	5	85	Madrid	12	10	100	5	85
Amsterdam	10	10	100	5	85	Manila	28	10	100	5	85
Antwerp	10	10	100	5	85	Medan	28	10	100	5	85
Athens	15	10	100	5	85	Montevideo	18	10	100	5	85
Bangkok	25	10	100	5	85	Moscow	12	10	100	5	85
Batavia	28	10	100	5	85	Mumbai	28	10	100	5	85
Bombay	28	10	100	5	85	Nairobi	22	10	100	5	85
Buenos Aires	18	10	100	5	85	Reykjavik	8	10	100	5	85
Calcutta	28	10	100	5	85	Rome	15	10	100	5	85
Canton	22	10	100	5	85	Sao Paulo	18	10	100	5	85
Caracas	28	10	100	5	85	Seoul	12	10	100	5	85
Cebu	28	10	100	5	85	Stockholm	12	10	100	5	85
Colon	28	10	100	5	85	Taipei	22	10	100	5	85
Dakar	28	10	100	5	85	Tokyo	18	10	100	5	85
Dahomey	28	10	100	5	85	Urumchi	12	10	100	5	85
Dar es Salaam	28	10	100	5	85	Warsaw	12	10	100	5	85
Delhi	28	10	100	5	85	Wellington	18	10	100	5	85
Detroit	10	10	100	5	85	Yokohama	18	10	100	5	85
Dublin	10	10	100	5	85						

Free market for car spares

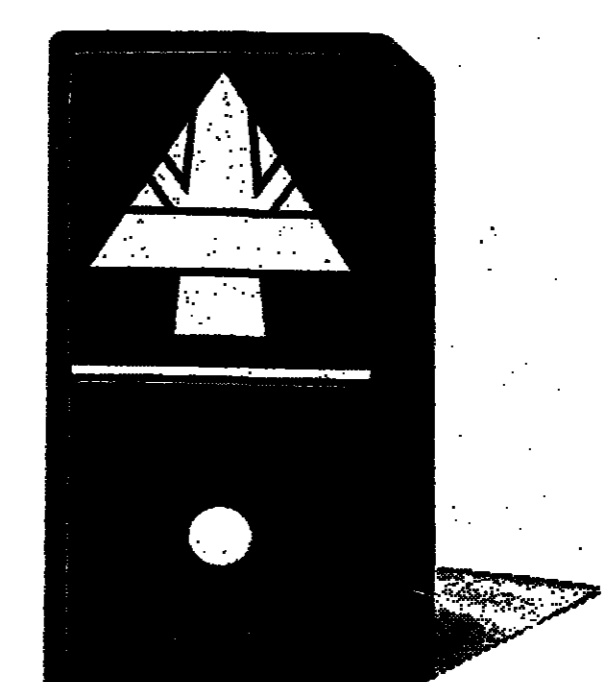
Continued from Page 1

turners and Traders said the judgment highlighted the need for a reform of the Copyright Act.

The case was part of the running argument between car manufacturers and independent parts suppliers in Britain's highly competitive £1.5bn (\$2.2bn) a year market for car spares.

There was a clear conflict between the car owner's inherent right to repair his own car which, if it were to have any real value, meant there had to be an unrestricted spares market, and the carmaker's claim to be entitled to use his copyright to maintain his spares' monopoly, regardless of any adverse effects on car owners.

There were sound reasons for saying that the car owner's right should prevail, Lord Bridge concluded. By selling its cars, BL had enjoyed the primary benefit of its copyright protection. To allow it to enforce its copyright to maintain a monopoly was to detract from car owners' rights, and, at least potentially, the value of their cars.



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SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Friday February 28 1986

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Saab turnover up 23% but costs limit profits

BY DAVID BROWN IN STOCKHOLM

SAAB SCANIA, the Swedish aerospace and automotive group, yesterday reported its operating results after depreciation rose last year by only SKr 82m (4.9m) to SKr 2.5bn...

start-up costs relating to introduction of the new Saab 9000 turbo model. Saab sold 109,000 cars last year, compared with 105,500 in 1984...

craft also increased, but margins were low. Although turnover in the division increased by 70 per cent to SKr 3.27bn, income fell from SKr 133m to SKr 106m.

UBS lifts dividend as profits rise 18%

BY JOHN WICKS IN ZURICH

UNION BANK OF SWITZERLAND is to propose an increase in dividend from 23 to 34 per cent for 1985, following an 18.4 per cent rise in net profits to a record Sfr 682m (538m).

MANUFACTURERS RATION DELIVERIES TO CONTROL PACE OF RECOVERY

Chip makers wary of false dawn

BY LOUISE KEHOE IN SAN FRANCISCO

THE long-awaited US semiconductor market recovery is at hand, but major US chip makers are afraid that over-optimistic speculation of a market upswing may further damage the industry.

Some semiconductor prices are rising, partly because of the rising yen/dollar exchange rate. This has led chip distributors who sell semiconductor devices to small- and medium-size users to place abnormally large orders, chip makers report.

months, indicating that orders booked were higher than those delivered and suggesting that the industry was at last pulling out of its two-year recession.

tempted to meet swelling demand from personal computer manufacturers, which quickly evaporated. All US chip makers now believe that market conditions will improve this year, but most are remaining cautious.

SKF earnings restricted by SKr 250m losses in US

BY OUR STOCKHOLM CORRESPONDENT

SKF of Sweden, the world's leading manufacturer of rolling bearings, reported that earnings rose only 3.6 per cent last year to SKr 1.57bn (519m), after financial costs but before extraordinary items and taxes.

market share there and in Latin America and Asia. However, on the US market, volume plunged 15 per cent, resulting in a loss there of SKr 250m.

SKF is understood to be discussing the sale of one of its two steel plants to SSAB, the Swedish state-owned commercial steel group.

Outsider offers \$1bn to head US bank

BY WILLIAM HALL IN NEW YORK

BANK OF AMERICA, the financially troubled West Coast banking group which is under pressure from regulators to bolster its capital ratios, is considering an offer from Mr Sandy Weill, former president of American Express, to inject \$1bn of new capital and become its chief executive.

Elkem and Norcem call off merger plans

BY FAY GUESTER IN OSLO

ELKEM, the Norwegian metals group, and Norcem, the country's biggest building material supplier, announced yesterday they had decided against a merger, but would co-operate in two areas - concrete and quartz materials.



Sandy Weill: hoping to head Bank of America

bank on unspecified terms if Mr Weill were named chief executive officer of the bank. This approach is understood to have been considered and rejected at a meeting of the BankAmerica board on February 3.

However, over the past few months there have been persistent rumours that Mr Charles Schwab, who joined the BankAmerica board in April 1983 after selling his discount brokerage business to the group, was emerging as one of Mr Armacost's most vocal critics inside Bank of America.

Voest-Alpine reopens talks on Bayou sale

By Patrick Quinn in Vienna

VOEST-ALPINE, Austria's state-owned steel, engineering, electronics and trading group, has reopened negotiations on selling Bayou Steel, its US steel subsidiary, to RSR of Dallas in the US.

SGS plans to raise dividend

BY JOHN WICKS IN ZURICH

THE BOARD of Societe Generale de Surveillance (SGS), the Geneva-based quality and product control company, proposes to increase its dividend for 1985 from Sfr 70 to Sfr 83 a share.

Stores show modest final quarter gains

BY TERRY BYLAND IN NEW YORK

TRADING results yesterday from J. C. Penney and R. H. Macy, two big US retailers, failed to shake Wall Street's cautious view of the sector.

Erba plans L390bn issue

BY ALAN FRIEDMAN IN MILAN

FARMITALIA Carlo Erba, the Italian-based pharmaceuticals subsidiary of the Montedison group, plans to raise L390bn (5837m) with a rights issue on the Milan bourse.

INI losses higher than expected

By David White in Madrid

INSTITUTO Nacional de Industria (INI), the Spanish state industrial holding group, registered total losses of Pta 163m (51.18m) last year, about 12 per cent less than in 1984, according to Mr Luis Carlos Croissier, its chairman.

Advertisement for The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe. U.S. \$150,000,000. 9 3/8 per cent. Bonds Due 1996. Lists various banks and financial institutions.

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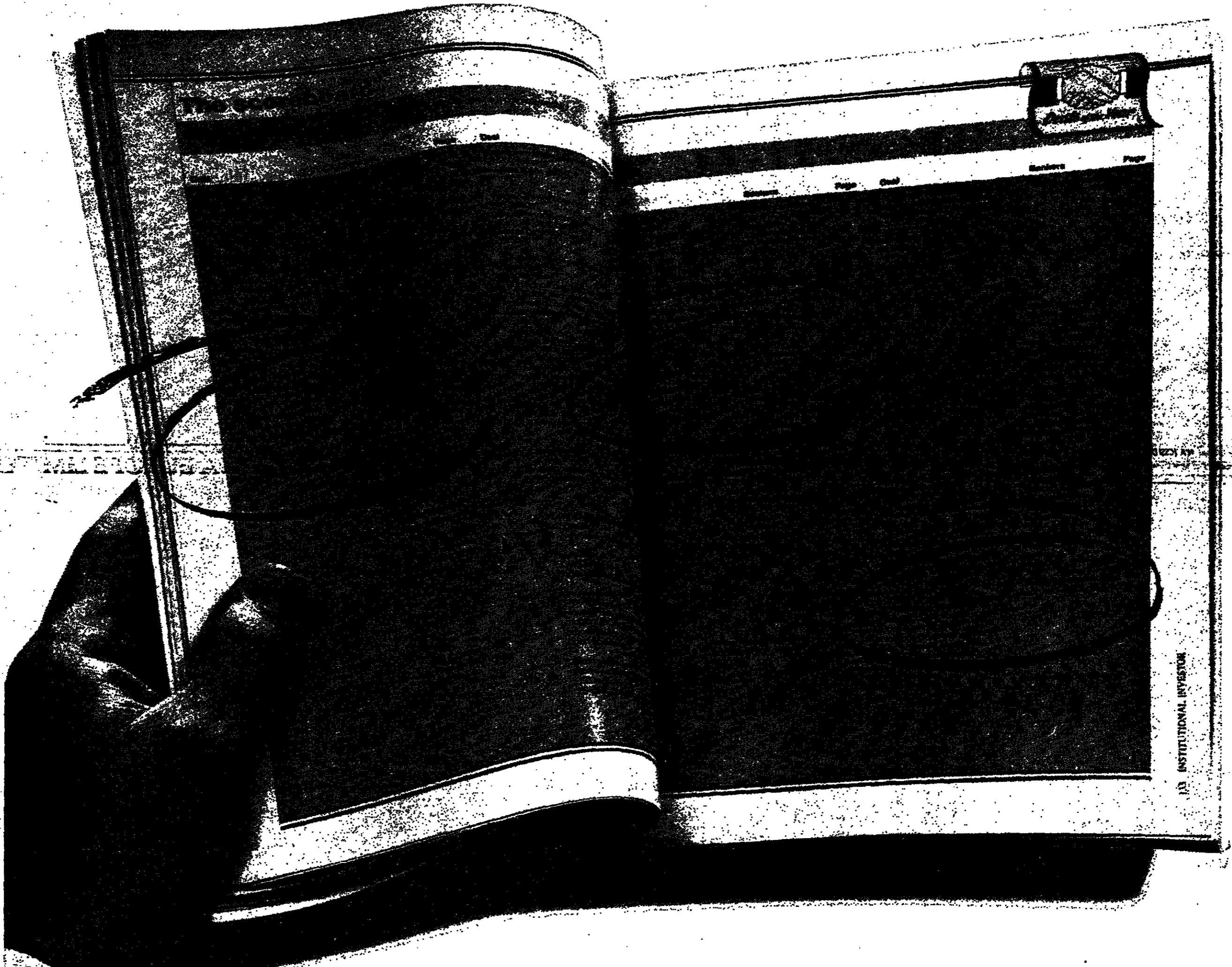
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IF YOU HAVE SOMETHING GREAT TO SAY ABOUT YOURSELF, LET SOMEBODY ELSE SAY IT.



We were going to tell you what a banner year we had at Chase Investment Bank, but somebody else beat us to the punch.

Institutional Investor named our deals three of "the most noteworthy of the year."

For example, the Woodside Deal, the largest project loan of 1985. In Institutional Investor, Woodside's officer said, "on a loan this big and prominent, there aren't that many banks with which we'd feel comfortable, but Chase is one of them."

The Norsk Hydro deal, which we co-led with Merrill Lynch, the first pure Euro-commercial paper offering. In Institutional Investor, the Norsk Hydro deputy director of finance called it "a bold move...[that] established a market that seems here to stay."

And in another first, the China International Trust and Investment Corp deal, Chase led the first Hong Kong dollar bond for the People's Republic of China.

According to Institutional Investor, no

other investment bank had more noteworthy accomplishments last year than Chase. In fact, after reading their account, you might conclude Chase Investment Bank is getting to be a pretty big deal itself.

But we didn't say it. They did.



INTERNATIONAL COMPANIES and FINANCE

Alexander Nicoll on proposed rules for UK investment businesses

Dealers worry about fallout from Big Bang

DRAFT RULES for investment businesses in the UK published this week are likely to ally concerns in the Euromarkets that professional securities dealers might have to handle one another with kid gloves as they would if dealing with the small investor.

regulatory agencies, will force belated recognition in Britain of the size and scope of the Euromarkets.

Serious danger that business in Euro-securities could begin to slip away

contrast to other centres such as New York and Tokyo, the international business carried on in London is much larger than UK domestic financial markets.

investment, and exempting financial institutions from having to sign detailed customer agreements with them.

'We have members with turnover bigger than that of London's Stock Exchange'

several for protecting their best interests. ISRO's chief desire, however, is to have professional activities properly defined in the Financial Services Bill itself.

a financial centre. The perceived danger is that, for example, the flexibility of the primary Eurobond market would be diminished.

Sharp fall in German calendar

A SHARP drop in new issue activity is in store for the German foreign bond market next month, after the Bundesbank announced yesterday that only DM 3.9bn in Eurobonds is scheduled for launch.

Expansion seen for new French financial futures market

THE WEEK-OLD French financial futures market is already thinking of introducing new contracts and expanding its present trading floor on the third-storey of the Paris bourse building.

There is only one floating rate note worth DM 150m on the list for next month, whereas in recent months total volume has been swelled by strong activity in floating rate notes.

Officially at the central clearing house company running the market declare themselves "delighted" with the brisk start.

Bankers believe that prospects of the currency rising and German interest rates falling were not a significant deterrent to borrowers.

Eurodollar bonds put in shade by US market

BY ALEXANDER NICOLL

THE RALLY in the New York bond market, which had been chasing the Eurodollar bond market for some days, left it far behind yesterday as investors poured money into US Treasuries.

market is almost bound to lag when the New York market is powered by investors without currency worries.

par into 9 1/2 per cent dollar bonds due 1996. Swedbank is issuing 100,000 warrants to buy Australian dollar bonds in a deal led by Merrill Lynch Capital Markets.

COMPAGNE Financiere de Paribas, the French state-owned finance group, is increasing to FFf 3.6bn (\$526m) from FFf 2bn the size of its non-voting equity package being mounted on the Paris bourse.

Paribas share issue raised to FFf 3.6bn

By Our Paris Staff COMPAGNE Financiere de Paribas, the French state-owned finance group, is increasing to FFf 3.6bn (\$526m) from FFf 2bn the size of its non-voting equity package being mounted on the Paris bourse.

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Expansion seen for new French financial futures market

Officially at the central clearing house company running the market declare themselves "delighted" with the brisk start.



How to be your own boss without giving up your job.

You are an able, ambitious company director with many ideas on how your company can do better.

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First, a management team with drive and commitment who want it to happen.

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Please send me 'Management Buy-outs' and keep me informed.

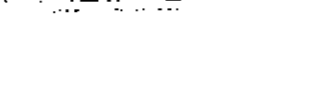
Name: _____

Address: _____

Company: _____

_____ Tel. _____

You have a partner at Peat Marwick.



Western Union loss at \$367m

By Paul Taylor in New York WESTERN UNION, the financially beleaguered US telecommunications group, showed a fourth quarter net loss of \$336.7m, or \$14.02 a share, after making a provision of \$300m.

Canadian bank rises

CONTINENTAL BANK OF Canada, one of the country's smaller chartered banks, had higher earnings in the quarter ended January 31.

DEUTSCHE MARK STRAIGHTS

Alcan Dev. Bank 8 1/2 100 107 1/2 +0.4 0.22

SWISS FRANC STRAIGHTS

Aven. Cap. Con. 5 1/2 100 102 1/2 +0.4 0.33

YEN STRAIGHTS

Yen Exp. Cid. 6 1/2 100 102 1/2 +0.4 0.28

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Table with columns: US DOLLAR STRAIGHTS, Issued, Bid, Offer, Change, Yield. Includes entries for Alcan Dev. Bank, Amstar, Amstar, etc.

FLOATING RATE

Table with columns: Spread, Bid, Offer, Cdn, Captn. Includes entries for Abbey Natl., Anglo Bldg., etc.

CONVERTIBLE

Table with columns: Conv. Cpn, Bid, Offer, Cdn, Captn. Includes entries for Almonroy, Amstar, etc.

DEUTSCHE MARK STRAIGHTS

Table with columns: Issued, Bid, Offer, Change, Yield. Includes entries for Alcan Dev. Bank, Amstar, etc.

SWISS FRANC STRAIGHTS

Table with columns: Issued, Bid, Offer, Change, Yield. Includes entries for Aven. Cap. Con., etc.

YEN STRAIGHTS

Table with columns: Issued, Bid, Offer, Change, Yield. Includes entries for Yen Exp. Cid., etc.

Vertical text on the right edge of the page, possibly a page number or reference.

INTERNATIONAL COMPANIES and FINANCE

Mawaris eye Britain's neglected offshoots

BY JOHN ELLIOTT, RECENTLY IN CALCUTTA

INDIAN OFFSHOOTS of Metal Box and Thorn EMI have in the last few months become the latest casualties of British industrial decline in Calcutta...

and risk-taking of an entrepreneur. Calcutta and its surrounding state of West Bengal is showing some signs of emerging from its own period of industrial decline into a new phase of industrial expansion...

reject persistent approaches late last year from Mr Aditya Birla, a leading member of India's second largest family of companies and of the biggest Marwari clan...

in connection with the purchase last year of R. G. Shaw of the UK as an offshore means of taking over Shaw Wallace of Calcutta.

third included many tea companies and came in the 1960s and 1970s because of West Bengal's major labour problems and because of restrictions on foreign share ownership...

Companies suffering from long-term lack of entrepreneurial drive

Urgently needed finance and management talent has been injected by the Indian businessmen into the neglected companies which are partly suffering from managerial failure to cope with the bureaucratic to other problems of operating in India since independence nearly 40 years ago.

run-down British companies, sometimes attracting sellers by offering substantial cash payments which are handed over in the UK by local partners.

GKN's hard-pressed GKW offshoot is the subject of persistent takeover rumours and has had approaches from the Birla family and others.

The British are reducing their Indian presence for short-term gains

Khaitan and Mr Goenka have injected urgently needed working capital. They will then gain stakes of 10 per cent in Metal Box and 15 per cent in Gramophone by taking up equity-linked debenture issues allocated to the British parents.

Singapore takes hard line on broking fund

By Joyce Quek in Singapore

THE S\$180m (US\$85.7m) lifeboat fund for the Singapore stockbroking industry may at last be disbursed—but not to bail out forward contracts in the failed Pan-Electric Industries and its associated companies...

Shares in which trading is suspended are excluded from the lifeboat, which is being provided by the Big Four local banks to avert defaults by brokers weighed down by a members some \$800m of forward contracts.

Early signs are that it does not need much more than renewed management confidence and vigour, product and marketing reorganisation and short-term cash support to correct the slide.

It said that S\$150m would be used to settle bona fide obligations of insolvent members to meet their obligations under current ready and forward contracts.

Priority would be given to ready contracts of the brokers' genuine clients and inter-broker share transactions involving forward contracts.

City Securities — whose chairman, Mr Goh Kim Chee is the son of Dr Goh Keng Swee, the former deputy Prime Minister — gave Peat Marwick joint custody of its securities and asked for assistance in debt collection.

Bridgestone marks time

By Yoko Shibata in Tokyo

BRIDGESTONE, which has half the Japanese tyre market, showed a 4.3 per cent gain in pre-tax profits last year to Y39,644m (\$218.9m).

Ok Tedi Mining debt reshaped

BY KENNETH MARSTON, MINING EDITOR

A REVISED operating agreement for the controversial US\$1bn-plus Ok Tedi copper and gold open-pit project in Papua New Guinea has been approved by the country's Government.

shareholders. The borrowings of the operating company are currently around K750m.

London's Consolidated Gold Fields. Net operating profits for the latest period advanced to A\$10.2m (US\$7.2m or \$4.9m), or 15.3 cents per share, from A\$3.6m a year ago.

Utico Holdings profit halved

By Jim Jones in Johannesburg

UTICO HOLDINGS, the South African manufacturer of tobacco products and snack foods, which is 64 per cent owned by BAT Industries of the UK, suffered a real decline in sales in 1985 and a halving of pre-tax profits.

Fujikura Ltd. (Fujikura Densen Kabushiki Kaisha) U.S. \$30,000,000 4 3/4 per cent. Guaranteed Bonds due 1991 with Warrants to subscribe for shares of common stock of Fujikura Ltd., unconditionally and irrevocably guaranteed by The Mitsui Bank, Limited. ISSUE PRICE 100% PER CENT. Nomura International Limited

Guaranty Trustco LIMITED U.S. \$50,000,000 Multicurrency Transferable Loan Facility Hambros Bank Limited Kansallis Banking Group (London Branch) The Mitsui Bank of Canada Union Bank of Switzerland (Canada) Swiss Bank Corporation (Canada) Agent Bank Hambros Bank Limited February 1986

Lloyds Eurofinance N.V. (Incorporated in the Netherlands with limited liability) Guaranteed on a subordinated basis as to payment of principal and interest by Lloyds Bank Plc (Incorporated in England with limited liability) Notice is hereby given that the Rate of Interest has been fixed at 12 1/4% and that the interest payable on the relevant Interest Payment Date March 27, 1986, against Coupon No. 2 in respect of U.S.\$10,000 nominal of the Notes will be £147.26 and in respect of £25,000 nominal of the Notes will be £736.30. February 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

U.S. \$460,000,000 Azienda Autonoma delle Ferrovie dello Stato Floating Rate Notes due 1995 By virtue of existing legislation direct and unconditional general obligations of The Republic of Italy Notice is hereby given that the interest payable on the relevant Interest Payment Date March 27, 1986, against Coupon No. 2 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$404.54 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$1,113.28. February 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

The Kingdom of Denmark U.S. \$200,000,000 Floating Rate Notes due August 1999 Notice is hereby given that the interest payable on the Interest Payment Date March 27, 1986, against Coupon No. 2 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$418.12. February 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

U.S. \$500,000,000 CITICORP (Incorporated in Denmark) Subordinated Floating Rate Notes Due January 30, 1988 Notice is hereby given that the rate of interest has been fixed at 8 1/8% and that the interest payable on the relevant Interest Payment Date March 27, 1986 against Coupon No. 2 in respect of U.S.\$10,000 nominal of the Notes will be US\$60.56. February 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

NORWAY'S OIL BANK As Norwegian energy reserves are so substantial, petroleum business is of great importance to the country's economy. Union Bank of Norway has all the experience and expertise of project finance for the North Sea, as well as managing and underwriting syndicated loans and new issues. Contact in Norway Carl Erik Haavaldsen or Tom Frønth-Mathisen.

NORWAY'S CAPITAL MARKETS BANK UBN is active as managers and underwriters in Eurobonds in Kroner and other currencies, Government Bonds and Viking Bonds — the last of which we originated. Overall our role in the Euromarkets is a vital part of the growing internationalisation of the Norwegian Banking industry. Contact in Norway Per Hagen or Torodd Kummén.

NORWAY'S FOREIGN EXCHANGE BANK We offer a complete range of asset and liability management services. This includes currency options, financial futures and interest rate and currency swaps. We are also the main supplier of foreign currency to the savings banks, a role that has increased both in size and importance as the banks themselves have grown. Contact in Norway Geir Bergvoll or Bjørn Kaaber.

NORWAY'S INVESTORS' BANK The Norwegian Stock Market has outperformed most stockmarkets over the last few years. UBN has one of the biggest stock exchange departments in Norway and is well equipped to take care of your equity transactions. We also have a leading position in domestic bond issues and secondary market trading in bonds. Contact in Norway Knut Ørbech or Stein Jodal.

NORWAY'S NEW BANK Union Bank of Norway was created on 14th October 1985 by a merger between Sparebanken Oslo Akershus and Union Bank of Norway Ltd. (Fellesbanken A/S). We are one of the "big four" in Norway with total assets of U.S. \$4.0 billion. The new bank is also the central bank to more than 200 savings banks in Norway with a unique network of more than 1,300 outlets all over the country.

London: Senior Representative Malcolm Stuart Allen. Tel: 01-248 0462. New York: Representative Arthur L. Reisch. Tel: (212) 986-0614. Luxembourg: (Subsidiary) Managing Director Øyvind Pamemann. Tel: 4768731. Copenhagen: Representative Ole Mølgaard. Tel: 451-11 27 33. Helsinki: Representative Fred Sundwall. Tel: 3580-1725239. Stockholm: Representative Hans Wenehult. Tel: 468-7901379.

Head Office: Kirkegaten 14-18, Oslo, P.O. Box 1172 Sentrum, 0107 Oslo 1. Tel: (472) 31 90 50. Telex 19470 UBN BK. Domestic name: Sparebanken ABC.

Union Bank of Norway

UK COMPANY NEWS

ICI profits fall 12% to £912m

BY LUCY KELLAWAY

A SHARP FALL in oil profits, the depressed state of the farming industry, increased competition in the market for bulk chemicals, and an adverse movement in exchange rates all contributed to a 12 per cent fall in Imperial Chemical Industries' 1985 profits.

At the pre-tax level, they fell to £912m from £1,035m in the previous year.

During the fourth quarter the company made profits of £195m, ahead of the £182m made during the third quarter, although almost £50m short of the comparable figure for last year.

During 1985 ICI stuck closely to its strategic course, Sir John Harvey Jones, the company's chairman, said yesterday. "The whole effort and thrust of the company is to move away from the bulk businesses to the businesses where we have some speciality."

Consequently, effect chemicals, which are a growing part of the group, increased both sales and profits, while bulk businesses suffered from increased competitive pressures and from adverse movements in exchange rates.

The effect during the year of exchange rates may have reduced profits by between £50m and £70m, the chairman said. Of this, about between £25m and £10m was due to the translation of the profits of overseas subsidiaries, and the rest due to the direct currency effect on trading profits.

Group sales were up 8 per cent to £10.7bn, while turnover rose by 12 per cent compared with 1984. Of this, about half came from acquisitions, 4 per cent from the bulk businesses and the remaining 2 per cent from higher prices.

Three-quarters of the group's chemical sales were made outside the UK last year, with sales to the US up by nearly 30 per cent compared to a rise of 14 per cent in Europe and only 4 per cent in the UK.

Total exports from the UK were £3bn, and for the first time exceeded sales into the UK domestic market.

Fortunes within the chemicals division diverged sharply, with consumer and speciality products profits increased to £373m (£302m), as pharmaceutical profits rose for the fifth year running, and as Beatrice companies made a maiden contribution. Meanwhile, industrial profits fell by £64m to £382m, despite higher turnover.

Agriculture profits fell from £22m to £18m. The company blamed this on the depressed state of the world agricultural

market, exacerbated by the effects of poor weather on demand for fertiliser in the UK.

Despite the promising effects of the recent strengthening of the DM against sterling, and the fall in oil prices, Sir John said he was only "cautiously optimistic" about the current year. "We think we are heading in the right direction" and reassured journalists that "you find us in a moderately happy frame of mind."

A final dividend of 20p is being paid to make 33p for the year, compared to 30p in 1984.

The tax charge for the year was £208m (£373m). The accounts contain a £40m extraordinary charge made up from a £14m provision for the costs of withdrawing from phosphoric acid business and £26m relating to restructuring the colours business in Europe.

See Lex

Cowie to float 50% of finance division

T. Cowie, the Sunderland-based motor trading and leasing company, proposes to reduce its high level of gearing with the flotation of 50 per cent of its contract hire and leasing activities on the Stock Exchange.

Mr Tom Cowie, the chairman, said yesterday that the effect of the move would be to take finance debt off the balance sheet, and that the resultant cash flow would substantially improve gearing related to all other activities. The flotation could take place in late spring.

The company acquired the 50 per cent of Cowie Financial Services it did not already own in an £1.62m deal with Forward Trust Group last June, but high interest charges have affected group profitability since then.

The figures for the 1985 year, published yesterday, show a rise in taxable profits against the comparable 15-month period of 77 per cent to £4.06m, but this would have been much higher without a £7.68m (£3.53m) charge for interest in the finance division.

Mr Cowie said that despite higher than expected interest rates, the total contribution from finance had been considerably enhanced by the CPS stake.

Turnover in 1985 totalled £217.71m against £204.82m in 1984. The final dividend is raised from 1.75p to 2.25p for a total of 3.5p against 2.75p for 15 months.

comment

Cowie has done well despite the restriction of £3m of exceptional costs on the motor side. In 1986 it should do even better, though the important feature will be the transformation of the balance sheet — and perhaps the rating — when half the finance division is floated off on the market this spring.

Assuming profits of £3m (historic), a 35 per cent tax charge and a multiple of 13, that company could be worth around £25m — possibly more — compared to Cowie's current market capitalisation of just over £17m after yesterday's 25p leap to 190p. Taking the finance company's debt of £75m off Cowie's balance sheet, where £17.5m of shareholders' funds is propping up £58m of borrowing, and injecting a cheque for, say, £12m from the share sale will reshape the base ready for the next acquisition. The Hanger purchase proved remarkably successful and Cowie has its eye on the next "Hanger." But even if none of these things happen, profits should still come out at £5m for a p/e of 4.6 after a 25 per cent tax charge. The rating still has a long way to go.

Strong US recovery helps Royal to record profits

A STRONG recovery in the US, its largest operating territory, together with better results from the UK and reinsurance, enabled Royal Insurance, Britain's largest composite insurance company, to record almost tripled pre-tax profits in 1985, up from £11.2m to £41.4m.

The net profit was £28.8m, compared with a loss of £2m, with an earnings per share of 12.2p, against 2.5p losses.

The relocation costs of the US head office to Charlotte, North Carolina of £18.7m net is treated as an extraordinary item, leaving profits of £10.2m.

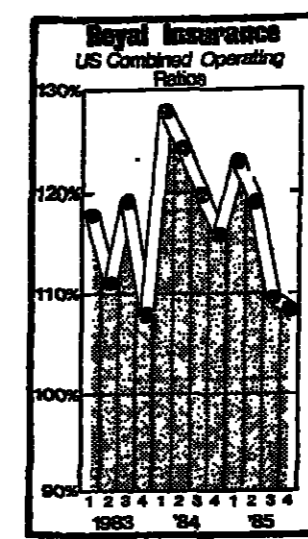
The total dividend is lifted by 8.4 per cent from 23.75p to 25.75p, with a final dividend of 16.55p.

The strong rating increases, mainly on US and UK commercial business, at the end of 1984 and during 1985 were the main features of the recovery, despite heavy weather losses in the main territories.

General insurance premium worldwide rose by 23.3 per cent from £2,270m to £2,785m, the underlying increase, allowing for exchange rate fluctuations, being nearly 24 per cent.

Underwriting losses worldwide in 1985 were almost unchanged at £247.1m, against £247.4m. Investment income rose by 9.3 per cent to £364.5m, with an underlying increase of 10 per cent. Life profits climbed more than 20 per cent from £20.7m to £25.2m, despite no transfer being made from the newly-acquired subsidiary, Lloyd's Strength.

The underlying strength of the asset values saw shareholders



Profits grew in the US was 31.9 per cent overall, with commercial business, three quarters of the total, showing increases of 42.6 per cent.

The US recovery would have been greater but for heavy weather losses of \$62m, 50 per cent higher than expected.

In the UK, premium income rose by 17.3 per cent to £705.2m, reflecting the underlying premium increases. Underwriting losses were down from £42m in 1984 to £39.8m and pre-tax profits rose from £32.4m to £44.3m.

Results from the rest of the world, however, show a different picture.

In Canada, there was some working in the final quarter resulting in pre-tax losses from the year rising from £16.4m to £24.9m. Premium income rose 22.94 per cent in dollar terms from £16.7m to £20.5m. The loss was offset by a deterioration in personal automobile and a poorer personal property account.

Results were poor in Australia, where adverse weather and a sharp increase in claim costs on workers' compensation saw a turnaround from a pre-tax profit of £16.7m to a loss of £14.4m.

In Holland and other Western European countries, results deteriorated and the group incurred £1.9m of claims from the Chilean earthquake.

Mr Alan Horsford, Royal's chief executive, reported a substantial reduction in expenses worldwide, down from 33.1 per cent to 30.3 per cent.

See Lex

Jebsens Drilling losses rise sharply to £25m

LOSSES AT Jebsens Drilling, the USM-quoted offshore drilling contractor hit by overcapacity in the industry, rose steeply to £25.4m before tax in 1985. This follows a £3.14m loss in 1984 and £8.8m losses at the half-way stage.

And the directors say the fall in oil prices means the demand for drilling units this year is likely to remain sluggish.

Turnover fell from £41.17m to £38.38m and there was a gross loss of £14.91m against a profit of £4.35m.

The pre-tax loss struck after administrative expenses of £3.44m (£3.42m), exchange losses of £1.49m (£2.04m profit), interest payable of £5.31m (£3.3m) and interest received of £1.2m (£2.12m).

After a tax credit of £3.78m (£305,000) the loss was £21.24m (£20.63m). There was a minority

credit of £0.01m (£2.45m debit). Loss per share amounted to 101.5p, against 33.2p.

The directors say a small but steady oversupply of drilling units enabled operators to proceed on a well-to-well basis which kept contracts short and day rates low.

Depreciation on the drilling units amounted to £19.2m compared with £17.9m in 1984.

comment

Jebsens' losses far surpassed the worst prognostications and halved what little was left of the share price to leave it at 5p. Drilling activity remains buoyant but overcapacity has brought day rates down to the point where Jebsens can no longer cover its costs. In addition, a cold hard look at the balance sheet has led the company to wipe a further £2m off the profit and loss account for depreciation. Jebsens is still generating cash and the refinancing of its long-term debt last summer means it is fairly well placed to soldier on in the hope of an upturn. However, the fall in oil prices and the reduction in drilling activity likely to result means it could be in for a long wait.

Amusement machines boost Cope Allman

HELPED BY improvements in its amusement machines business and packaging, Cope Allman International's pre-tax profits improved by 19 per cent in the six months to December 28 1985.

The directors say that the amusement machines business had an excellent start to the year with operating profit rising from £2.51m to £2.78m on turnover up by £3.26m to £13.42m.

Packaging is the group's major activity and with turnover advancing to £59.67m (£58.18m) operating profit was up to £4.48m (£3.58m). The businesses continue to make progress, the directors say, with the cosmetic container companies contributing a large part of the increase in operating profit.

Total turnover for the period was £62.52m, a rise of 7 per cent on the corresponding £58.6m. Pre-tax profits were £7.52m (£6.94m).

From earnings per 5p share of 12p (9.97p), the interim payment is being raised from 2.7p to 3.4p. Last year there was a total payment of 7p from pre-tax profits

of £14.53m.

Cope's other major division, engineering, performed well in the six months, the directors say. But the strengthening of the pound and economic problems in some export markets resulted in a fall in profits from £2.53m to £1.52m.

Borrowings have been contained at about the same level as at the end of last year.

Total operating profits were £8.99m, including share of associates of £302,000, against the comparable £7.28m, which included associates £50,000 and took account of losses of £231,000 on divested activities. The pre-tax figure was struck after interest charges down to £1.47m, against £1.52m.

Tax was £2.74m (£2.77m), minorities took £1,000 (£14,000) and the dividend absorbed £1.35m (£1.07m).

Directors say they are encouraged by the first half results and by the prospects for the rest of the year.

Hawley Group holds a 43 per cent stake, which last November it hinted that it might sell.

Glen pays £0.8m for food stake

Ball Group, which will use the proceeds to reduce borrowings of its investment subsidiary.

Glen said yesterday that it would be having talks with Perkins next week, but it had no intention at the moment of making a full bid for the company, which is based in Somerset and employs around 150 people.

Last night's closing price of 39p, up 1p, Perkins is capitalised at around £3m. Glen paid 31p per share for its stake.

ball Group, which will use the proceeds to reduce borrowings of its investment subsidiary.

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AAH HOLDINGS plc

Record Interim Results

FINANCIAL HIGHLIGHTS	9 months to 31 December 1985	% change over 1984
Turnover	£715m	+100%
Profit before taxation	£11.7m	+ 76%
Earnings per Ordinary share	12.02p	+ 55%
Ordinary dividend per share	2.94p	+ 10%

* "A fundamental change has taken place in the size and shape of the Group."

* "Pharmaceutical distribution business takes a major step forward."

* "Based on the performance of the enlarged Group to date, I am confident that the year's results will be very satisfactory."

Bill Pybus, Chairman

For further information on our current year progress write for a copy of our Interim Report to the Secretary, AAH Holdings plc, 76 South Park, Lincoln LN5 8ES.

Buehler growth helps Mowlem

BY TERRY GARRETT

Buehler International, the US quoted instrumentation and testing equipment manufacturer, which is 76 per cent owned by construction group John Mowlem, will report a 40 per cent increase in pre-tax profits today.

Pre-tax profits for 1985 have increased from \$4.8m to \$6.7m (£4.5m), underpinning the market's expectation of group profits around the newly-acquired subsidiary, against £1.1m in 1984. After tax, Buehler's profits come out at \$5.9m compared to \$4.4m.

This is the US group's first set of figures since 24 per cent of the equity was floated on the New York OTC market at the end of last year. Under UK

accounting standards the reported profit will be consolidated into Mowlem's accounts at a slightly higher rate.

The rise in profits has been achieved despite the problems last year of the US electronics sector, a major customer area, which undermined the rate of progress. Sales in the year rose by 16 per cent to \$57.4m, including a 23 per cent improvement in the final quarter.

Dr Daniel Aldrecht, president and chief executive, will be telling his shareholders today that he is looking forward to another improvement in the current year, although the rate of increase is unlikely to be anything like as good as 1985's.

The current year will have the benefits of a full contribution from the UK business, E.I.E., compared to just six months in 1985 when it contributed around \$450,000 to profits. The management is also anticipating a better performance from two US subsidiaries, CPN and Solitest, where were around break-even last year.

During the final quarter a number of new high-technology products were introduced which should also make important contributions to the current year; this has started well, with the help of a weaker dollar, improving the group's competitive position in international markets.

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Insurance and Reinsurance Broking Group

Highlights of the year:

- Pre-tax profit increased by 74% over 1984
- Profit forecast set at time of Prospectus exceeded by 17%
- Increased turnover on both direct and reinsurance business
- Further expansion during 1986 expected

	1985	1984
Turnover	£7,049	£5,729
Profit after Tax	1,686	921
Earnings per Share	14.5p	8.0p

Copies of the Report and Accounts are available from:
The Secretary, Bradstock Group PLC
18 London Street, London EC2R 7JF

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12%	8-97%
10%	7-47%

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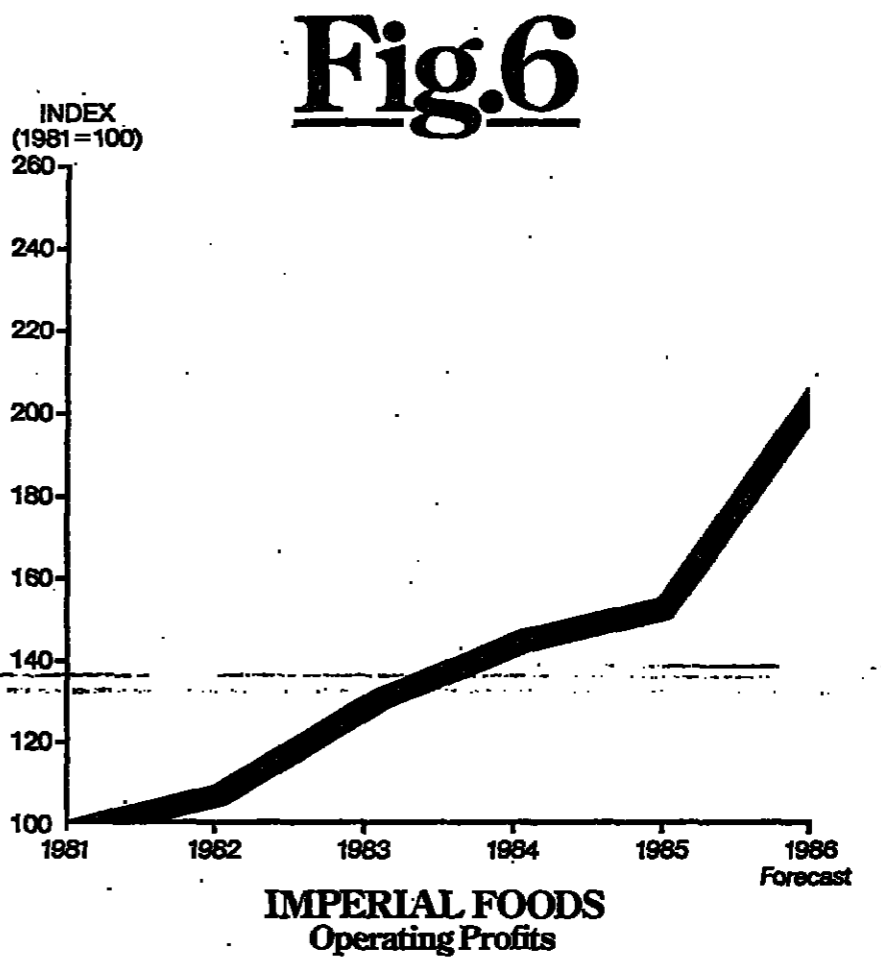
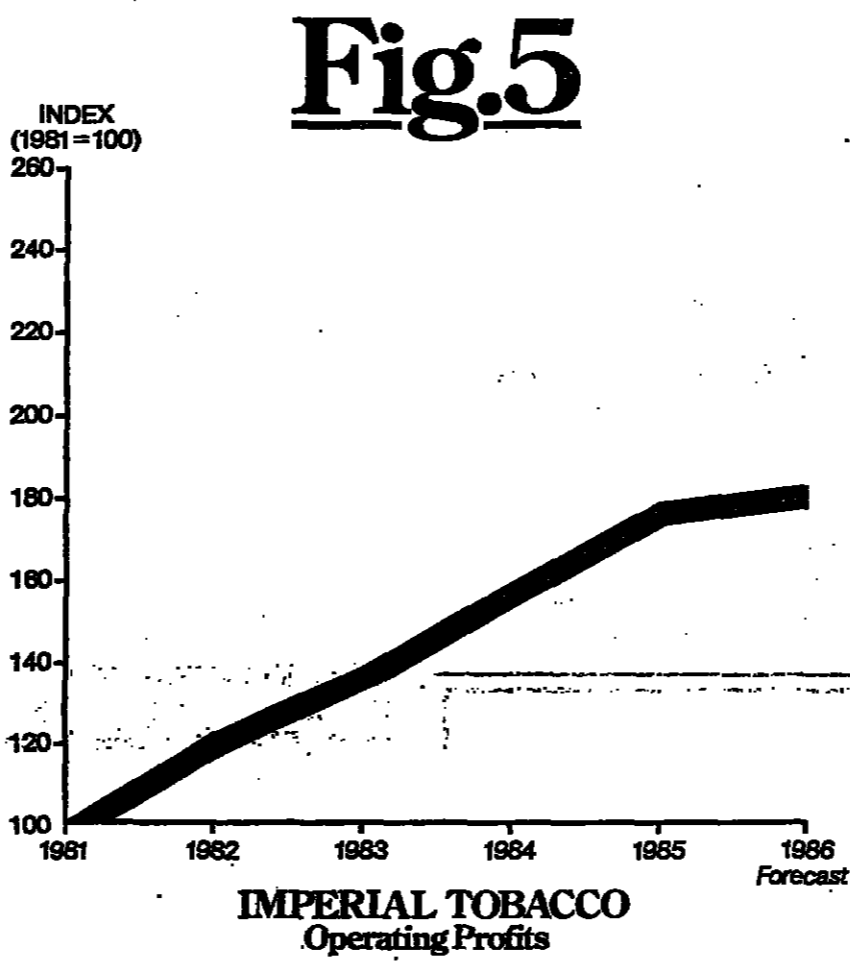
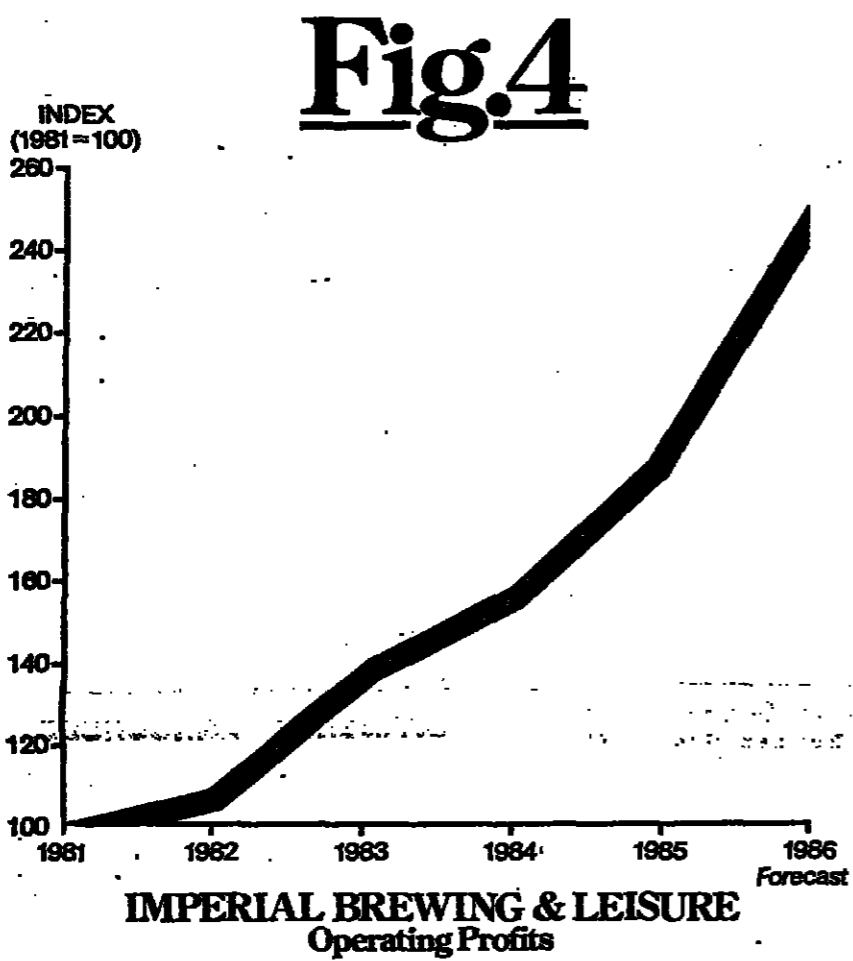
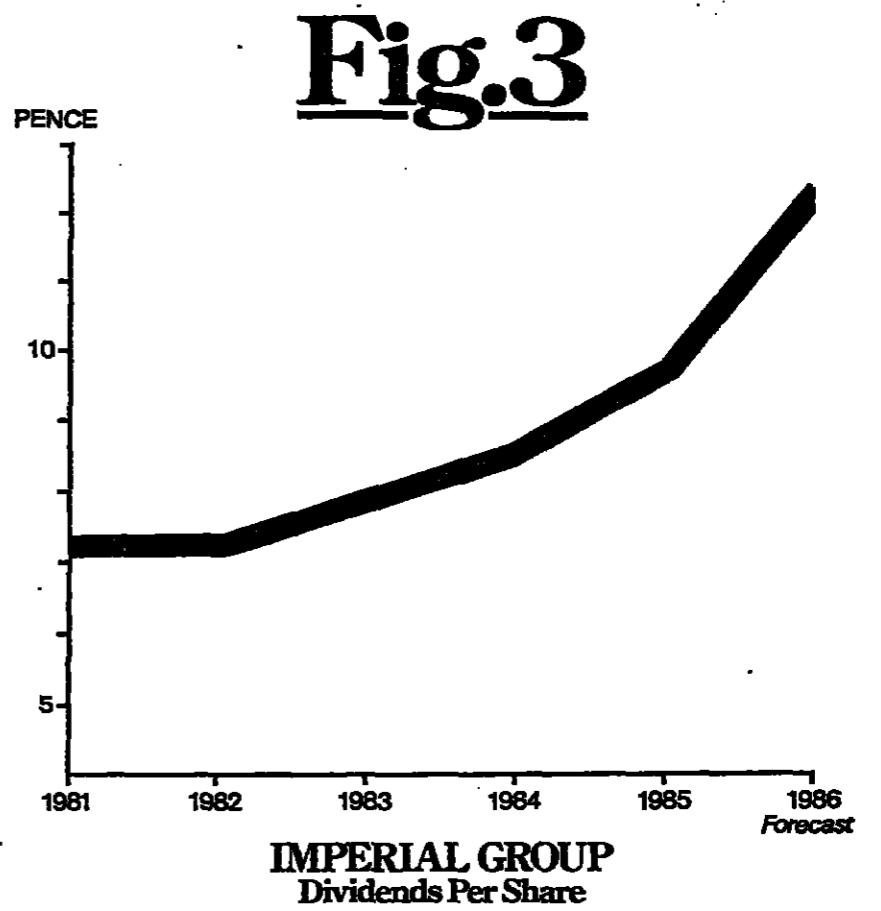
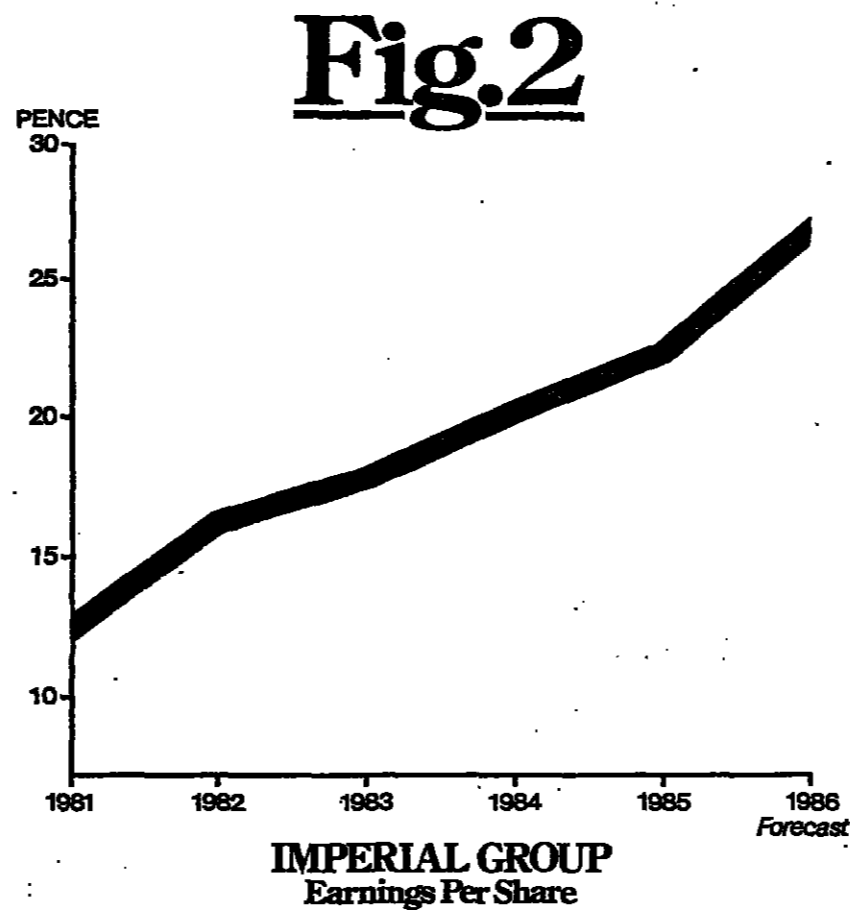
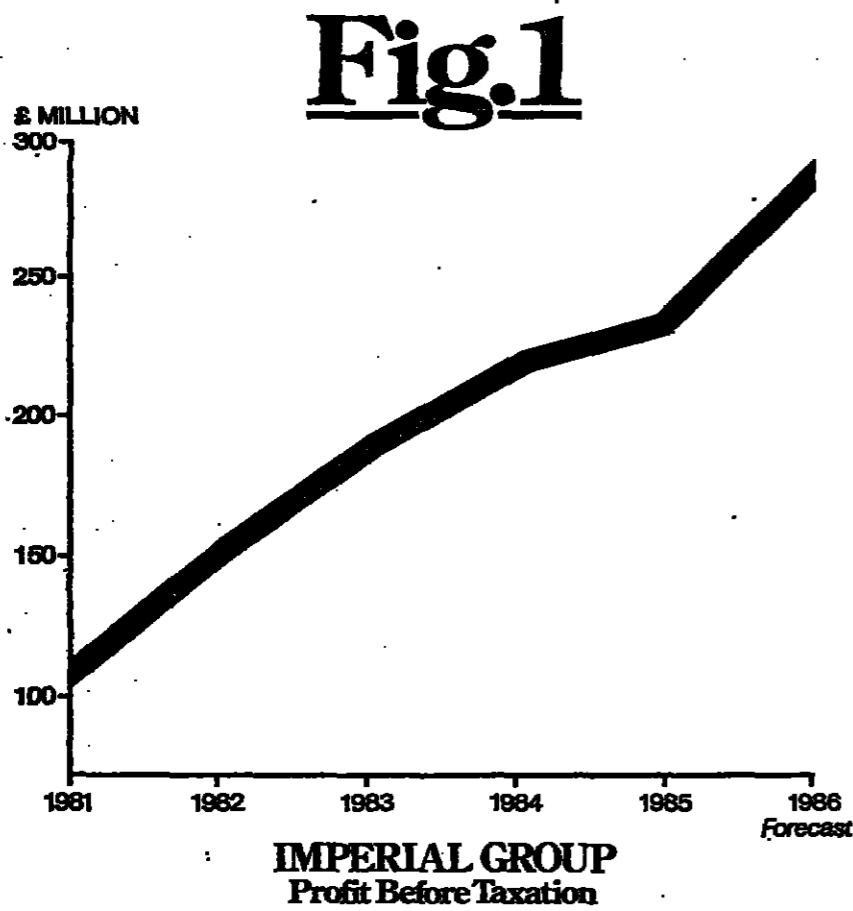
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Over-the-Counter Market

High	Low	Company	Price	Change	Gross Yield	P/E	Fully
146	118	Ass. Brit. Ind. Ord.	128	-	7.0	7.3	-
151	121	Ass. Brit. Ind. CULs	130	-	10.0	7.5	-
75	43	Auriferous and Rhodes	33	-	4.3	13.1	11.7
46	32	Armidale and Rhodes	33	-	4.0	2.4	21.5
170	149	Bryl Technologies	170	-	12.0	8.8	7.0
64	42	Bryl Technologies	67	-	10.0	3.4	3.2
291	126	CCL Ordinary	128	-	18.7	15.8	8.7
153	97	CCL 15p Conv. Pref.	132	-	18.7	15.8	8.7
135	80	Carborundum 7.5p Ph.	91	-	10.7	3.8	6.7
84	68	Carborundum 7.5p Ph.	91	-	10.7	3.8	6.7
46	32	Cheltenham Services	32	-	4.2	7.7	8.1
32	20	Frederick Parker G	27	-	7.0	2.3	5.8
98	80	George Blair	98	+1	-	-	-
82	20	Ind. Precision Castings	63	-	3.0	4.4	17.8
218	163	Isis Group	163	-	3.0	4.4	17.8
122	101	Jackson Group	118	-	3.0	4.4	17.8
228	228	James Burrough	228	-	19.0	16.2	16.7
56	35	James Burrough Sp	32	-	19.0	16.2	16.7
95	65	John Howard and Co.	65	-	15.0	4.6	10.5
86	64	John Howard and Co.	65	-	15.0	4.6	10.5
170	149	Keel Holdings	170	-	10.0	13.9	-
82	52	Robert Jenkins	80	+20	6.8	0.7	41.0
34	28	Scruttons A	30	-	-	-	9.1
66	56	Tovey and Cartles	60	-	-	-	1.0
370	320	Trevlan-Holdings	350	+30	5.0	7.2	3.6
80	28	Unitec Holdings	60	-	2.9	2.4	6.9
138	83	Water Associates	87	-	2.9	2.4	6.9
228	195	W. S. Yeates	200	-	17.4	8.3	7.7
					8.7	5.7	9.8



Imperial in 1986: we thought you should see the figures.

Imperial, commentators agree, is a blue chip company. But what does that mean?

This is what Webster's says it means:

"A stock issue of high investment quality that usually pertains to a substantial well-established company and enjoys public confidence in its worth and stability."

"A consistently successful and profitable venture or enterprise."

"An outstandingly worthwhile or valuable property or asset."

Look at the tables above and you'll see the profile of a blue chip company.

Imperial invests: in brands, new brands, new

markets, people, production, training, incentives, distribution, development.

Over the last three years, our capital investment alone has amounted to £448m.

Since 1981, our profits have grown at an average annual rate of 23%: precisely our forecast for the current year.

For 1986 and beyond, we shall continue to invest: whatever it takes to make our businesses more profitable and our company more valuable.

This is the blue chip way.

This is the Imperial way.



UK COMPANY NEWS

Hanson now tops United Biscuits' bid for Imperial

BY MARTIN DICKSON

THE BATTLE for Imperial Group intensified yesterday as Hanson Trust launched a scathing attack on rival bidder United Biscuits and saw the value of its bid overtake that of United.

Hanson attacked the United bid as a "desperate move" in the offer document supporting its revised and final offer for Imperial.

Hanson claimed United's management had no experience in managing large acquisitions of diverse businesses and would be completely overstretched if its bid succeeded.

Hanson shares, which have risen sharply over the past week, closed last night unchanged at 163p, which values its shares and cash offer at 315p for each Imperial share. Shareholders would also keep Imperial's final dividend of 6.0p a share. There is a 29.5p a share cash alterna-

offer remains superior. "Hanson, he added, was clearly fearful of not winning and because of this had left its closing date open to extension.

The Hanson document said United's financial record was lacklustre, and it produced charts which contrasted United's "negligible" earnings per share growth since 1979 with its own 22 years of "unbroken earnings per share, dividend and profits growth."

It claimed that Hanson would give Imperial's line managers a renewed sense of purpose, free of constricting central bureaucracy and board misjudgements.

Hanson yesterday disclosed that it had increased its stake in Imperial to 2.91 per cent after buying 2.5m shares at 415p a share. United already holds 24.9 per cent of Imperial.

Guinness chief appeals for DCL mail campaign

BY DAVID GOODHART

MR ERNEST SAUNDERS, the chief executive of Guinness, yesterday appealed to shareholders to write to the Director-General of Fair Trading, their MPs and even the Prime Minister himself to support the company's bid for Distillers.

"Short-term promises from Argill should not fog the real issue. The bid is about the long-term development of a business in the international market place, which requires very special skills," he said.

He also told yesterday's annual meeting that for the four months to January 1986 the business performance is on plan. "In the home markets beer sales are already ahead of those for the same period last year and sales of draught Guinness have continued the 1985 growth."

According to figures prepared by one of the company's brokers draught Guinness has been bucking the trend towards lagers and lighter beers and has

grown for the last three years. Volume in 1985 was up 8 per cent. Can sales in the take-home market are also up by 70 per cent over five years.

Mr Saunders rebutted criticism of the cost of the current bid battle by pointing out that sales of Guinness have been benefiting from the general corporate advertising. Mr Olivier Roux told the meeting that the cost of the bid to a successfully merged Guinness-Distillers would be £80m and the cost of failure (presumably mainly shouldered by Distillers) would be £30m.

Mr Saunders said he was not in the slightest bit worried about Argill's "diversionary tactic" of attempting to legally challenge the latest Guinness bid and added that it was "very unfair" of the Director-General of Fair Trading to refer it in the first place.

Argill will today announce that it has extended its bid to a date some weeks away.

Thos. Robnson expects 19% profits fall

Thomas Robnson, the Rochdale-based engineer which has made a £107m agreed bid for Wadkin, Leicester-based machine tool and woodworking machinery maker, yesterday estimated pre-tax profits of £410,000 for 1985, a 19 per cent fall on the previous year.

The pre-tax profit for the year ended last December, does not include extraordinary items, principally redundancy costs, of around £97,000. Robnson made £507,000 before tax in 1984.

Wadkin estimated that it had made a loss of £380,000, before a tax charge of £45,000, over the same period. Wadkin made £247,000 pre-tax in 1984.

The one-for-one share offer by Robnson closes on March 19, as does the separate cash offer of 185p made by Robnson's advisers, Hambros Bank.

Robnson's share price was unchanged at 225. Wadkin closed at 215p, unchanged on the day.

Westland stake held by TNT associate

By Lionel Barber

AN ASSOCIATE of TNT, Australia's largest transport group, holds 4.99 per cent of Westland, sources close to the British helicopter company said yesterday.

The stake is held by Acraint No. 24 Pty Ltd, Canberra, a company which TNT has used to buy shares in the past, the sources said. They said that TNT regarded Westland as a good, long-term investment. TNT in Australia could not be contacted for comment.

It owns a half share in Ansett Transport Industries, the Australian domestic airline, hotel and resort operators.

TNT (Thomas Nationwide Transport) has recently been awarded the contract to distribute Mr Rupert Murdoch's newspapers in Britain, including the Sun, The News of the World, The Times and The Sunday Times.

TNT's ownership of the Westland stake came to light following the helicopter company board's decision to dispatch section 212 notices to six mystery shareholders in an effort to establish their identity. These held about 20.8 per cent of the company before a critical shareholders meeting earlier this month to vote on a rescue plan put forward by Sikorsky, the US helicopter maker, and Fiat of Italy.

The rival European aerospace consortium criticised the fact that some of the six shareholders identified themselves before the meeting, which ended in a decisive vote for Sikorsky/Fiat. Because the shareholders held less than 5 per cent of the company, they were not obliged to identify themselves.

It is unclear if the true identity of all the mystery shareholders will ever be established, but at least two are believed to be individuals. Rather than private or public companies.

Demerger reveals plan to take more Extel options

BY CHARLES BATCHELOR

Demerger Corporation yesterday disclosed the details of its unusual £170m takeover bid for Extel Group to show that it and its backers would hold options over an ever larger percentage of Extel's shares than originally indicated.

The formal Demerger offer document revealed that, in addition to the 14.17 per cent stake in Extel's core information business which would be available to Demerger's shareholders by means of options, a further 1 per cent would be available to Demerger's directors and 4 per cent to Inncorp, Earl, its merchant bank.

After allowing for Extel's existing board exercising already-held options the Demerger camp's stake would fall slightly, from 19.17 to 18 per cent.

Demerger initially indicated that it would acquire options

over about 15 per cent of Extel's core business, prompting criticism from Extel that this made it an expensive deal for Extel's existing shareholders.

Mr Peter Earl, a director of Demerger and managing director of Inncorp, Earl, said exercise of the options would lead to an injection of cash into Extel.

The options also reflected the fee of only £25,000 that Inncorp, Earl was charging for the deal and the expected increase in the value of Extel's core business.

Mr Alan Brooker, Extel chairman, said: "On the face of it the document contains a different set of percentages. This represents a change in the terms of the original announcement."

The Demerger document stated that the bid required the approval of at least 90 per cent of Extel's shareholders, with no possibility of this condition

being waived. Most bids set a 75-per cent level of 50 per cent at which they can still go unconditional.

This figure would require Demerger to obtain the backing of Mr Robert Maxwell, who has built up a stake of at least 13 1/3 per cent of Extel. If Demerger gets less than 90 per cent Demerger could face a cash alternative bid, which would remove the tax advantages of the present all-paper offer.

Demerger also revealed the names of its five other shareholders owning 33.3 per cent of its equity. They are Rosaplana International SA, Kipeco Finance SA and Krak International Establishment, all Middle Eastern investment clients of Inncorp, and Guaranty Trust Bank Ltd and Executive Holdings Ltd, both subsidiaries of Security Pacific National Bank.

Decision day in McKechnie bid tangle

By David Goodhart

THE keenly-contested bid battle between three Midlands manufacturing groups - McKechnie Brothers, Williams Holdings and Newman Tools - reaches a watershed today in Birmingham.

McKechnie's EGM is to vote on whether to accept the board's decision to bid for its smaller neighbour Newman Tools. That bid is in part a defensive move against the bid by Williams Holdings for McKechnie itself.

However, as Williams has said it will drop its offer if McKechnie shareholders vote for the Newman Tools deal, today's vote will also show whether McKechnie shareholders want to be taken over by Williams. The vote is expected to be close.

Dr Jim Butler, chairman of McKechnie, yesterday emphasised again the industrial logic of the deal with Newman Tools.

Explanation expected on Vosper share suspension

Vosper, the UK private sector marine and engineering company, is expected today to explain the temporary suspension of its shares yesterday.

Vosper declined to comment on whether it had received a bid approach or whether the announcement was connected to continuing losses on its UK hovercraft building activities, which now form the core of its business.

The company's shares were suspended at 177p, valuing the business at around £12m. However, Vosper hopes to hear soon the result of its £20m claim for increased compensation on the

nationalisation of its warship yard in the UK in 1977. It received £5.3m at the time.

Last year, the Hampshire-based firm finished the 1983-84 year with a pre-tax loss of £1.02m, though after extraordinary items, the loss to shareholders amounted to £3.5m. For the opening six months of 1985 to last April, the group made a pre-tax loss of £2.8m on turnover of £8.64m.

Vosper currently employs around 140 people. Earlier this month, it announced it was pulling out of shipbuilding in Singapore after its subsidiary ran out of work.

Arbuthnot Latham at £10m

Arbuthnot Latham Bank, the merchant banking arm of Arbuthnot Savory Mills, recorded after-tax group profits of £10.2m in the year to December 31 1985. The figure includes an extraordinary, post-tax profit

of £7.19m from the sale of a subsidiary.

Group assets rose by £121m to £708m while assets of the bank itself increased by £97m to £563m.

IBA hardens its stance on Rank bid

By Raymond Swoody

THE INDEPENDENT Broadcasting Authority (IBA) yesterday reinforced its hard line on the contested £783m Rank Organisation takeover bid for the Granada Group, and appeared to rule out the possibility of any meeting to discuss the issue further.

"Television franchises cannot because of the statutory provisions be bought by or sold in the marketplace to any bidder," the IBA told Rank last night.

The Authority added: "Shareholders who invest in companies holding television franchises are aware that they hold shares subject to these restrictions."

The statement was in response to a Rank request for a meeting following the Authority's decision on Tuesday that its takeover would be unacceptable because it would lead to a major change in the control of a viable ITV programme contractor (Granada Television).

Rank said it was seeking a meeting with the IBA so that "a constructive discussion of the implications of Rank's offer could take place."

The IBA made it clear yesterday that although it was willing to offer "clarification" of its decision on Tuesday it saw no point in, or need to have, a meeting.

Mr Mike Gifford, Rank's chief executive, said last night: "We intend to proceed with our bid, but would not comment on the IBA's statement. Preparations were continuing on an offer document scheduled to be sent to Granada shareholders next week."

Rank may now plan to appeal to Granada shareholders over the head of the IBA in the hope that shareholder pressure might prompt against the IBA decision.

Rank also has the option of testing in the courts the IBA's interpretation of its responsibilities under the 1981 Broadcasting Act.



in85

The Board of Directors of Imperial Chemical Industries PLC announce the following trading results of the Group for the year 1985, subject to completion of the audit, with comparative figures for 1984.

	1985 £ millions	1984* £ millions
Turnover		
Chemicals		
United Kingdom	2,433	2,346
Overseas	7,426	6,474
Oil	9,859	8,820
Total	866	1,089
Trading Profit	10,725	9,909
	978	1,063
After providing for depreciation	474	440
Share of profits less losses of related companies and amounts written off investments	56	71
Interest payable (net)	-122	-100
Profit on ordinary activities before taxation	912	1,034
Tax on profit on ordinary activities	-308	-373
Profit on ordinary activities after taxation	604	661
Attributable to minorities	-52	-56
Net profit attributable to parent company	552	605
Extraordinary items	-40	-20
Net profit for the financial year	512	585
Dividends	-214	-186
Profit retained for year	298	399
Earnings before extraordinary items per £1 Ordinary Stock	86.4p	98.2p
Dividends per £1 Ordinary Stock	33.0p	30.0p

*The above are abridged results: full accounts for the year 1984 with an unqualified audit report have been lodged with the Registrar of Companies.

result of lower profits from oil, fertilizers and other commodity chemicals, including the effect of exchange rates. Oil profits fell as expected through declining output from the North Sea Ninian field, higher incidence of oil taxation and increased exploration charges.

Fourth Quarter 1985

Chemicals turnover in the fourth quarter was £2,397m, 2% higher than the third. Sales volume was 4% higher than the previous quarter, but adverse exchange movements depressed sales by 2%. Profit before tax was £195m, £13m higher than the third quarter, principally due to increased profits from related companies.

Taxation

The tax charge for the year was £308m (1984 £373m), comprising UK corporation tax of £166m (£256m) and £142m (£117m) in respect of related companies and overseas subsidiaries. UK corporation tax has been provided at 41.25%, the expected average rate for the accounting year 1985.

Extraordinary Items

The £40m charge for extraordinary items (1984 £20m) is comprised of a £14m provision for the costs arising from withdrawal from phosphoric acid and phosphates products manufacture in Canada by C-I-L, Inc., and a £26m provision, announced previously, for restructuring the colours and fine chemicals business in the UK and France.

Investment and Finance

Cash generated from operations was £1,464m (1984 £1,476m); after deducting interest paid and increased tax payments the funds available to the business were £1,136m (£1,177m).

Applications of funds totalled £1,681m, substantially higher than in 1984, mainly due to the acquisition of the chemicals interests of Beatrice Companies, Inc. for £675m. Additional working capital absorbed only £60m, compared with £200m in 1984.

Issues of new Ordinary Stock provided £204m toward the cash requirements, while the high net liquid resources of £628m at the beginning of 1985 were reduced to £286m by the end of the year.

Personnel

The average number of people employed in the Group in 1985 was 118,600 (1984 115,600) of whom 57,200 (1984 58,600) were in the United Kingdom.

The rate of bonus under the Employees' Profit-Sharing Scheme for the bonus year 1985 is 8.1p per £ of qualifying remuneration (1984 10.1p).

Dividend for 1985

The Board has declared a second interim dividend of 20.0 pence per £1 unit of Ordinary Stock, which the Annual General Meeting will be asked to confirm as the final dividend for 1985, payable on 2 April 1986 to members on the Register on 27 February 1986. This, together with the first interim dividend of 13.0 pence makes a total Ordinary dividend of 33.0 pence for the year, an increase of 3.0 pence over 1984. Including the imputed tax credit of 14.14 pence this is equivalent to a gross dividend of 47.14 pence.

Trading results for the first quarter 1986 will be announced on Thursday 24 April 1986.

Trading Results for the Year 1985

ICI Group profit before tax for the year was £912m, which although below the 1984 record, is a result that supports ICI's strategic direction. The international economic background for the chemical industry, was less favourable than in the previous year, but effect chemicals, which represent a growing proportion of the Group portfolio, performed well and raised their sales and profits. Increased competitive pressures and less favourable exchange rates squeezed margins in the bulk businesses, but the rationalisation and cost-cutting measures of recent years enabled these businesses to make a worthwhile contribution to Group profits.

Group chemicals turnover was £9,859m, an increase of 12% over 1984. Half of this increase came from acquisitions, 4% from higher sales volume, and 2% from higher selling prices. In terms of geographic areas, chemicals turnover rose 4% in the UK, 14% in Continental Western Europe and 29% in the United States. Three quarters of Group chemicals sales were to markets outside the UK. Total exports from the UK reached £3 billion.

The following table summarises the quarterly turnover with external customers and profit before tax:

	Chemicals Turnover £ millions	Oil Turnover £ millions	Profit Before Tax £ millions
1985 1st Quarter	2,458	257	267
2nd Quarter	2,656	211	268
3rd Quarter	2,348	185	182
4th Quarter	2,397	213	195
Year	9,859	866	912

Trading profit in Consumer and Speciality Products was £373m, up from £302m in 1984. Within this segment, pharmaceuticals profits increased for the fifth successive year and paints continued to make progress. The increase in profits in the remainder of this segment was partly due to a strong performance from polyurethanes and also to the inclusion of most of the businesses acquired from Beatrice Companies, Inc., where results were on target.

Although turnover in Industrial Products rose 5% to £4,998m, trading profit was £64m lower at £282m. The principal bulk business sectors, general chemicals, petrochemicals and plastics, and fibres experienced increased competitive pressure, with the result that selling prices could not be increased to the level required to recover higher costs. In industrial explosives profits were adversely affected by the generally depressed state of the metal mining industry.

The depressed farming industry worldwide caused Agriculture profits to fall from £218m to £181m. This was particularly noticeable in the fertilizers and related products sector. The agrochemicals business performed well in a difficult year for the industry.

Profits from overseas assets were higher, particularly in the USA, but trading profit earned on sales from UK assets fell from £578m to £394m as a

Jeil no 16

NOTICE OF REDEMPTION

To the Holders of

INTERNATIONAL STANDARD ELECTRIC CORPORATION

12% Sinking Fund Bonds due 1996

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of March 15, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that \$6,962,000 principal amount of International Standard Electric Corporation 12% Sinking Fund Bonds due March 15, 1996 (the "Bonds") has been selected by the

Trustee for redemption on March 15, 1986 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture. The following are the serial numbers of the Bonds which will be redeemed in whole.

Table containing 100 columns of bond serial numbers, ranging from 1416 to 3088 in the first column and 4795 to 10000 in the last column.

Accordingly, on March 15, 1986 the Bonds so designated for redemption will become due. Payment will be made upon presentation and surrender thereof of the above Bonds at one hundred percent (100%) of the principal amount thereof in United States dollars, at the option of the holder, subject to any applicable laws or regulations in the country where each of the following offices are located, at the City Offices of Bankers Trust London, at the main office of Bankers Trust Company in Paris, at the office of Bankers Trust GmbH in Frankfurt, at the office of Banque du Benelux S.A. in Brussels, at the office of Banque Generale du Luxembourg S.A. in Luxembourg or at the office of

Swiss Bank Corporation in Basle. In accordance with Section 7 of the Bond, the Bonds designated for redemption will be payable on the Business Day (as defined in the Indenture) following March 15, 1986, at any one of the Paying Agents listed above.

The redeemed Bonds should be presented with all coupons maturing after March 15, 1986. Coupons maturing on March 15, 1986 and prior thereto should be detached and surrendered for payment in the usual manner. From and after March 15, 1986 interest on redeemed Bonds will cease to accrue.

INTERNATIONAL STANDARD ELECTRIC CORPORATION

By: BANKERS TRUST COMPANY, Trustee

Dated: February 14, 1986

UK COMPANY NEWS

Vestric boosts AAH to £11.8m

THE FUNDAMENTAL change in the size and shape of the AAH Holdings group is reflected in the results for the nine months ended December 31 1985, which show doubled turnover and trading profit and a 76 per cent increase to £11.7m in the pre-tax balance.

An important aspect of the change, says the chairman Mr W. M. Pybus, is that a greater proportion of profits will be earned in the first nine months of the year. Builders' merchants and environmental services are most profitable in the first half and fuel distribution will almost certainly make its main contribution in the final quarter.

Because profits are more evenly generated, interim results in the current and subsequent years will cover six months to September.

In pharmaceuticals the established companies traded satisfactorily and added useful gains to both sales and profits. But the major impact was made by Vestric which exceeded the forecast made on acquisition last March.

He says the group is now the largest wholesaler of pharmaceuticals in the UK, and it is seeking to expand its market share further.

On the outlook, Mr Pybus says the final three months is still expected to produce the largest contribution of any individual quarter and, based on the performance reported, he is confident that results for the year ending March 31 1986 will be satisfactory.

Results from solid fuel in the final quarter form a significant proportion of the full year's figures, and the weather will play an important part in determining whether an increase will be achieved over the exceptionally buoyant comparative contribution.

The final quarter is also the seasonal low point in the land maintenance sector and the ability to recommence normal working during the coming month will determine whether the improvement identified at nine months will be maintained.

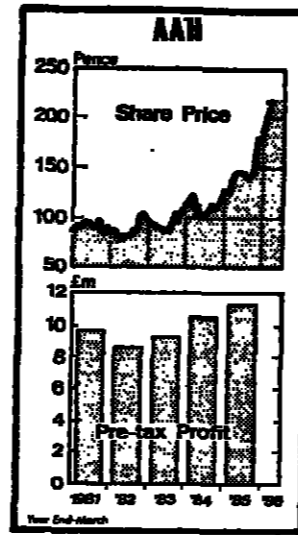
The interim dividend is raised from 2.68p to 2.94p in continuation of the policy of a steady increase. The final, however, will be decided when the year's figures are available—that payment last year was 4.126p.

In the previous year the group improved its profit from £10.47m to £11.25m, excluding any contribution from Vestric.

For the nine months turnover came out at £714.97m (£678.6m) and trading profit to £15.08m (£7.32m) split as to pharmaceuticals £7.76m (£1.34m); solid fuel distribution £3.97m (£3.13m) and oil distribution £3.35m (£2.82m); building supplies £1.5m (£1.4m); road haulage £811,000 (£720,000); environmental services £896,000 (£814,000); miscellaneous £425,000 (£105,000).

Net interest charges were up from £1.14m to £3.3m to leave the profit before tax at £11.77m (£8.67m).

After tax £4.71m (£2.87m) and



amounts attributable to the National Coal Board and outside shareholders £1.1m (£1.38m), the net profit for the nine months comes to £5.55m (£2.43m) for earnings of 12.02p (7.76p) per share.

Comment

Vestric has clearly taken to being transplanted from within Glaxo to AAH. While formerly it was the duller end of a high-margin, research-oriented drug company, with its new parent it has shot to the top of the class and come in very much ahead of budget. The addition of Vestric gives the group the top spot in pharmaceutical wholesaling—although even the existing business showed a 40 per cent organic growth. The present look ahead is optimistic. Profits will be good for AAH's fuels activities although probably not enough to regain the ground lost to gas last year. However, business continues to look a little flat elsewhere. The same cold weather that helps fuel sales will keep DIY enthusiasts and builders inside. So expectations for the year to March remain at £17m—although a small surprise could be in store. This has the shares up 4p at 230p, on a prospective multiple of 9, which does not seem expensive.

Millward Brown

Millward Brown, Warwickshire-based market researcher, reveals, in figures produced for the Association of Market Survey Organisations, that advertising expenditure rose to £490,000 in 1985 from £400,000 in 1984. The directors say the figures are in line with the forecast, made at the time of its joining the ASA, of £470,000 for the year to the end of March 1986.

ARGUS PRESS HOLDINGS has completed the acquisition of South London Press (Holdings) 1980, which publishes the South London Press (Tuesday and Friday editions) with a combined sale of 90,000 copies per week and the South London Advertiser series with a two weekly distribution of 140,000.

Lloyds Bank Plc

(Incorporated in England with limited liability)
U.S. \$500,000,000
Primary Capital Undated Floating Rate Notes (Series 2)



Further to the notice published on 21st February, 1986 Noteholders are advised that, owing to the delay in receipt of certain certificates required prior to determination of the Exchange Rate, Definitive Notes cannot be made available prior to the second interest payment date. Accordingly interest will be payable on the Temporary Global Note only through Euro-clear and Codd subject to receipt of a certificate (in the usual form) to the effect that the beneficial owner of the Note is a U.S. person. (In cases where the full text of the required certificate is obtainable from Codd S.A. or the Euro-clear System.)

28th February, 1986
By: The Chase Manhattan Bank, N.A., London, Agent Bank

U.S. \$20,000,000

Empresas La Moderna S.A. de C.V.



(Incorporated in the United Mexican States)

FLOATING RATE NOTES DUE 1989

In accordance with the provisions of the Notes notice is hereby given that for the interest period from 28 February, 1985 to 29 August, 1986 the Notes will carry an interest rate of 8 3/4% per annum. The interest payable on the relevant interest payment date, 29 August, 1986 against Coupon No. 10 will be US\$442.36.



By: The Chase Manhattan Bank, National Association, London.
Agent Bank

U.S. \$60,000,000

First Interstate Bancorp

(Incorporated in Delaware)

FLOATING RATE YEN-LINKED NOTES DUE 1996

For the six months 26th February 1986 to 26th August 1986 the Notes will carry an interest rate of 3.20% per annum with an interest amount of US\$412.28 per US\$10,000 Note, payable on 26th August 1986.

Bankers Trust Company London,

Agent Bank

Dresdner Finance B.V.

Amsterdam
U.S. \$350,000,000
Floating Rate Notes 1984/1989

The Rate of Interest applicable to the Interest Period from February 28, 1986 to May 27, 1986, inclusive, was determined by Morgan Guaranty Trust Company of New York, London, as Reference Agent to be 8 per cent per annum. Thereafter, interest per Note of U.S. \$10,000 principal amount is due on May 28, 1986, the relevant interest Payment Date, in the amount of U.S. \$197.75.

Dresdner Bank
Aidengesellschaft
Principal Paying Agent

Frankfurt am Main, in February 1986
Dresdner Bank Group

Dresdner Finance B.V.

Amsterdam
U.S. \$250,000,000
Floating Rate Notes 1984/1992 with Warrants

The Rate of Interest applicable to the Interest Period from February 27, 1986 to August 26, 1986, inclusive, was determined by Morgan Guaranty Trust Company of New York, London, as Reference Agent to be 8 per cent per annum. Thereafter, interest per Note of U.S. \$10,000 principal amount is due on August 27, 1986, the relevant interest Payment Date, in the amount of U.S. \$192.22.

Dresdner Bank
Aidengesellschaft
Principal Paying Agent

Frankfurt am Main, in February 1986
Dresdner Bank Group

Woodhouse and Rixson rises fourfold to £1.1m

THE RESURGENCE at Sheffield for generator Woodhouse and Rixson stayed on course in 1985 with pre-tax profit rising more than fourfold from £262,000 to £1.14m, comfortably above expectations.

Trading profit for the year rose from £351,000 to £1.19m on turnover up from £8.99m to £10.54m. This follows a year begun in 1984 to improve sales and reduce costs. Interest paid fell from £89,000 to £53,000.

Profit after tax of £334,000 (£47,000) was £803,000 (£215,000) and there was no extraordinary debit against £341,000 in 1984. Earnings per share amount to 7.5p (2.1p).

The final dividend is increased to 1.5p, making 2.5p for the year, against 1p in 1984.

The board says profits per share have increased from 27.4p to 32.7p and that borrowings have been reduced from £543,000 to £32,000 while cash at bank rose from £28,000 to £104,000.

Five peripheral loss-making businesses were sold in 1984 and revival efforts concentrated on the remaining core business of ring rolling and die forging.

The directors say the opening six weeks of the year have shown continuing progress and they believed there would be further improvement.

During the year the company installed new machinery and further new plant is due to be installed in May. The new equipment, costing £810,000, is enabling the company to expand its product range.

Furniture hire lifts Medminster

Medminster, a furniture dealer and shipper, saw pre-tax profits rise from £241,000 to £296,000 in the first six months of the 1985-86 year, reflecting increased turnover in the furniture hire division. Total turnover slipped from £6.41m to £6.33m.

The interim dividend is raised to 2.15p (1.95p) on earnings of 9.6p (8.05p). Last time there was a total of 5.6p.

The result was struck after higher interest (£47,000 against £25,000) and depreciation (£121,000 against £90,000), and was subject to tax at £104,000 (£89,000).

The directors say that turnover in the shipping division is a little down, but that this does not necessarily reflect in lower profits. General shipping and storage is steadily growing and the company anticipates an exciting future for this sector.

Scottish Investment

Scottish Investment Trust reports an increase in net asset value in the first three months to the end of January 1986 of 12 per cent to 381.9p per share, compared with 348p at October 31 1985.

Gross investment income rose from £2.43m to £2.61m. Pre-tax revenue of £1.65m to £1.49m.

IN BRIEF

RIVER PLATE and General Investment Trust is lifting its dividend from 7.2p to 8.5p net for the year 1985, with a final of 6.5p. Earnings rose to 14.4p (7.2p). Gross income totalled £2.26m (£1.99m) with franked investment at £1.68m (£1.5m) and unranked at £24,000 (£28,000). Tax was £213,000 (£507,000). At the year-end the net asset value was shown at 278.7p, compared with 248p a year earlier.

DATASERV, Minnesota-based investment company listed in the UK, is raising about \$4.8m (£2.2m) net by a private placing of 50,000 new 1986 preferred stock at \$100 each. The whole issue is being subscribed for by Phoenix Mutual Life Insurance of Connecticut. Dataserv has the option to exchange the stock for subordinated notes after 1988.

CHILD HEALTH Research Investment Trust raised net asset value from 326.3p to 340.1p per £1 share in 1985. At February 17 1986 the asset value was 397p. Gross revenue for 1985 totalled £235,000 (£239,000). Net revenue amounted to £14,000 (£10,000) after tax of £9,000 (£5,000). Distributions to the Child Health Research Appeal Trust were £152,704 (£188,830) gross.

HENRY ANSCHUTTER Holdings—Banque Internationale de Luxembourg has increased its holding in the company by 3.97m (52.2m) net by a private placing of 50,000 new 1986 preferred stock at \$100 each. The whole issue is being subscribed for by Phoenix Mutual Life Insurance of Connecticut. Dataserv has the option to exchange the stock for subordinated notes after 1988.

ENGLISH & SCOTTISH Investors raised net asset value per 25p share from 52.3p to 55.4p 10 year to January 31 1986, after deducting prior charges at nominal value. Net revenue for the year after all charges, including tax, £1.37m (£1.17m). Tax took £794,000 (£698,000). A second interim of 0.3p (0.8p) makes a net total of 1.4p (1.25p) per ordinary. Int. in lieu of final on 5 shares 0.021875p (same). Scrip issue in proportion of 1:388010 new B for every 100 B held.

UNIQEY INTERNATIONAL developer and installer of electronic locking systems for hotel doors, has raised £2m from investors co-ordinated by Guinness Mahon Development Capital. The investors have taken a 50 per cent stake in Uniqey and subscribed to some new stock. The funds will be used to build up the company's existing substantial market share in hotels and to enter new markets.

HERRBURGER Brooks, the Nottingham-based piano parts maker, says it has benefited from its US parent and a better starting dollar exchange rate. Pre-tax profit was £28,329 for the six months to November 30 1985 against a loss of £11,368 in 1984. Tax was £45,372 (nil). There is no interim dividend because of the financial commitment from a diversification into office furniture.

Royal Insurance Preliminary Results for 1985

	Year 1985 (unaudited) £m	Year 1984 (audited) £m
General Insurance: Premiums Written	2,779.5	2,268.4
Underwriting Balance	-347.1	-347.4
Investment Income allocated to General Insurance Revenue	266.7	237.4
General Insurance Result	-90.4	-110.0
Long-term Insurance Profit	25.3	20.7
Investment Income attributable to Capital and Reserves	87.8	87.2
Share of Associated Companies' Profits	8.7	13.3
Profit before Taxation	41.4	11.2
Taxation	12.3	17.6
Minority Interests	0.2	(credit) 0.4
Net profit/loss before extraordinary item	28.9	-6.0
USA relocation costs (less tax) - See note 1	18.7	-
Net profit/loss after extraordinary item	10.2	-6.0
Earnings per share - See note 2	12.2p	(loss) 2.5p
Dividends for the year	68.8	56.0
Pence per share	25.75p	23.75p
Transfer from Retained Profits	-58.6	-62.0
Capital and Reserves - See note 3	£1,905m	£1,830m

The fourth quarter result was an increased pre-tax profit of £24.8m (1984: £3.7m) making the total profit for the year 1985 £41.4m (1984: £11.2m).

- Final Dividend. A final dividend of 16.55p is being recommended to produce a total dividend for the year of 25.75p, an increase of 8.4%.
- Investment Income. Total investment income of £354.5m increased in sterling terms by 9.3%. The underlying increase in local currencies was 10%.
- General Insurance premium income rose by 22.5% in sterling; the underlying increase in local currencies was nearly 24%.
- Long-term insurance profit increased by 22% to £25.3m.
- Report and Accounts for 1985. The results for the year 1985 contained in this statement, upon which the auditors have not yet reported, constitute abridged accounts within the meaning of Section 255 of the Companies Act 1985. The audited Report and Accounts for 1985 will be posted to shareholders on 1st April 1986 and delivered to the Registrar of Companies following the Annual General Meeting to be held on 24th April 1986.

Note 1. Relocation costs relate to the proposed move during 1986 of the Royal US head office from New York to Charlotte, North Carolina.
Note 2. Earnings per share have been calculated on the net profit before charging the extraordinary item (See Note 1).
Note 3. Capital and Reserves include a value for the long-term insurance business of £320m for 1985 (1984: £245m).

Royal Insurance

Royal Insurance plc, Group Head Office, 1 Cornhill, London EC3V 3QR

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

An Anglovaal Group Company
Incorporated in the Republic of South Africa
Reg No 65/04468/06

Interim Report for the Half-Year ended 31 December 1985

FINANCIAL RESULTS
The consolidated unaudited results are as follows:
Consolidated Income Statement

	Half-Year Ended 31 December 1985 R 000	Half-Year Ended 31 December 1984 R 000	Increase %	Year Ended 30 June 1985 R 000
Turnover	19 008	14 981	26	30 118
Income	16 228	12 814	27	28 376
Investment Income	13 858	10 484		20 201
Interest Received	2 372	2 330		5 173
Expenditure	3 916	4 183		8 012
Interest Paid	3 798	3 100		6 956
Other (Net)	119	248		450
	97	544		1 628
Profit Before Taxation	12 312	8 631	43	17 384
Taxation	1 314	738	79	1 715
Share of Earnings of Associated Companies	10 998	7 893		15 669
Profit After Taxation	4 678	3 006	53	4 639
Attributable to Ordinary Shareholders and Preference Dividends	15 574	10 891	43	20 490
Attributable to Ordinary Shareholders	15 472	10 804	43	20 332
Earnings Per Share (Cents)	169	112	49	210
Dividend Per Share (Cents)	45	45	22	105

Consolidated Balance Sheet

	31 December 1985 R 000	31 December 1984 R 000	30 June 1985 R 000
Capital Employed			
Ordinary Shareholders' Interest	88 882	75 030	78 729
Preference Share Capital	1 271	1 271	1 271
Outside Shareholders' Interest	289	236	280
Group Shareholders' Funds	90 442	76 537	80 280
Long Term Borrowings	813	940	697
	91 255	77 477	80 977
Employment of Capital			
Investments—Associates	14 968	13 695	13 194
—Other—Listed	49 621	33 740	33 888
—Other—Unlisted	6 854	6 828	6 080
Long Term Loans	1 641	1 158	1 322
Surface and Mineral Rights	55	55	55
Net Current Assets	27 928	28 737	28 688
Current Assets	25 950	35 561	34 253
Current Liabilities—Interest Bearing	(772)	(1 143)	(911)
—Other	(7 432)	(5 651)	(6 674)
	91 255	77 477	80 977
Market Value of Listed Investments and Listed Associates	369 012	277 837	286 317
Book Value of Listed Investments and Listed Associates	45 114	42 589	41 754
Borrowing Powers in Terms of Most Restrictive Limitation	9 000	9 000	9 000
Borrowings	1 285	2 083	1 608
Net Worth Per Ordinary Share (Cents)	4 244	3 280	3 322
Number of Ordinary Shares in Issue	9 673 000	9 673 000	9 673 000

Comment
Gold and mineral exporting companies in which the Group has investments benefited substantially due to higher gold prices received for their products. Higher dividends from such investments resulted in the Group's earnings for the six months ended 31 December 1985 being considerably higher than those for the preceding year. Against this the Group's taxation charge increased due to the assessed tax loss having been absorbed during the previous financial year. It is anticipated that, should current circumstances continue, the results for the year ending 30 June 1986 will show an improvement on those for the previous year. It should be borne in mind that higher mining revenues, resulting from a weaker rand, imply concern about the business climate in South Africa, as well as major inflationary pressures in that country.

Dividends Paid and Declared During the Half-Year
Preference dividend No. 27 amounting to R51 000 (1984: R51 000) was paid on 31 December 1985 in respect of the half-year on the 8% redeemable cumulative preference shares.
Final ordinary dividend No. 66 of 69 cents per share totalling R6 604 000 for the year ended 30 June 1985 (1984: 50 cents: R4 837 000) was declared on 10 June 1985 and paid on 2 August 1985.
Interim ordinary dividend No. 67 of 55 cents per share totalling R5 320 000 (1984: 45 cents: R4 355 000) was declared on 28 November 1985 and was paid on 7 February 1986.

For and on behalf of the Board
Clive S. Mansell Chairman
B. E. Hersov

Directors
Registered Office
Anglovaal House
501 Main Street
2001 Johannesburg

Directors: Clive S. Mansell (Chairman), B. E. Bernstein Hon.L.L.D., D. J. Crowe (British), R. T. Hamilton, M. D. Henson, B. E. Hersov DMS, Hon.L.L.D., V. G. Mansell, R. T. Swemmer, W. F. Thomas

Alternates: B. Mansell, J. E. Van Niekerk

27 February 1986

London Secretaries
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST



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UK COMPANY NEWS

Good Relations falls 24% to £1m

A DOWNTURN in the second six months left 1985 profits of the Good Relations Group some £22,000 lower at the pre-tax level. However, Mr Tony Good, the chairman, says the public relations and advertising agency group has been through a difficult period and has emerged stronger as a result of actions taken by the directors. He tells shareholders that the 1985 results were affected by significant and unforeseeable events but points out that current trading indicates a return to sustained growth in both of the group's traditional and new markets. Turnover for the year under review pushed ahead from £8.53m to £11.7m. Revenue showed an improvement of 50 per cent at £7.5m. Pre-tax profits, however, declined by 24 per cent from £1.3m to £1.0m having been a little higher at the mid-year stage. The dividend for the year is 4.9p, the rate published for 1984 although that was subsequently adjusted to 4.6p.

Mr Good says the 1985 results were affected among other things by: • Losses in Good Relations Technology and Paul Winner Marketing Communications. • The delayed development of Good Relations Inc due to problems associated with the relocation of a senior executive from the UK who left the group in November 1985. Positive steps have since been taken and announced to accelerate the profitable growth of the US operation. • Termination payments and other effects of senior management changes. The 1984 results, adjusted in accordance with major accounting principles for the acquisition of Gulien and Casey (New York) and Face Ronchetti, would have shown turnover at £10.5m and pre-tax profits at £1.1m.

In a boardroom upheaval last August Ms Maureen Smith, who two weeks previously had been appointed deputy chairman, left after selling her entire 11.6 per cent stake in the group. Mr Paul Winner, another director who joined the company in 1984, also sold shares and resigned. The two resignations were said to be not connected. Ms Smith sold her shares to Mr Christopher Moran, an insolvency broker, who subsequently placed the shares with institutions through stockbrokers Simon & Coates. All three parties were censured by the Stock Exchange following a five-month inquiry into share transactions in Good Relations between Ms Smith and Mr Moran. Ms Smith had not informed the group's directors about her intentions to sell and Mr Moran did not inform Simon & Coates that the shares originated from Ms Smith.

More graphically illustrated last year than in the case of Good Relations, where a series of well-publicised defections was instrumental in bringing about a reappraisal of the sector. In the event the consequences for Good Relations appear to have been still worse than expected and the shares shed 12p to 118p before pulling back to close at 123p. The late recovery reflects the market's belief that matters are likely to get better rather worse, and in this it is probably right. In spite of the defections, most of the gaps have been filled and the group has handed the year with significantly more staff than it began it. With losses at Good Relations Technology, Paul Winner and Good Relations Inc now eliminated and net contracted fee income growing at £85,000 a month since September, some £100,000 in conservative guess at profits this year, putting the shares on a prospective p/e of 11 after a 20 per cent charge for undervaluation in the light of recent history.

W & R Jacob tops £1m and seeks cash for expansion

W. & R. Jacob, the Dublin-based biscuit manufacturer, yesterday released its 1985 results showing profits more than doubled. At the same time it said it was raising £2.7m (£2.06m) net via a rights issue. The year, described by Mr Gordon Lambert, the chairman, as satisfactory, saw turnover rise from £5.62m to £8.1m and profits at the pre-tax level from £821,000 to £1.06m. A final dividend of 4p holds the net total at 6p per 25p share. The money being raised is to finance continuing expansion and growth of the group and to strengthen the balance sheet. £2.06m of line extraordinary provisions accounted for £431,000 (28p) and reflected the costs associated with the rationalisation programme. Earnings emerged at 13.5p, compared with 1984's 6.1p. Over the past three years the group has spent £3.2m to restructure the business and to improve efficiency. The rights is being underwritten by the Allied Irish Investment Bank and brokers to the issue are Goodbody Dudgeon in Dublin and Phillips & Drew in London. Provisional allotment letters will be dispatched on March 24. The last day for acceptance and payment in full is April 14. He is anticipating a "very moderate" level of increase in

the group's raw material prices and says that this, together with additional benefits from the rationalisation programme, has put the company in a strong position to consolidate and make further progress in 1986. During the past year the group reduced its borrowings by more than £1m and its working capital requirements increased its volume sales and gained market share. Trading margins improved from 3 per cent to 3.5 per cent. Interest charges were cut to £98,000 (£1.1m) but tax rose from £94,000 to £127,000. £2.06m of line extraordinary provisions accounted for £431,000 (28p) and reflected the costs associated with the rationalisation programme. Earnings emerged at 13.5p, compared with 1984's 6.1p. Over the past three years the group has spent £3.2m to restructure the business and to improve efficiency. The rights is being underwritten by the Allied Irish Investment Bank and brokers to the issue are Goodbody Dudgeon in Dublin and Phillips & Drew in London. Provisional allotment letters will be dispatched on March 24. The last day for acceptance and payment in full is April 14. He is anticipating a "very moderate" level of increase in

BB BANCO DE BILBAO

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Board of Directors of Banco de Bilbao S.A., in the presence of their notarial adviser and in accordance with the Company's statutes and with current Companies Law, has resolved to call a General Meeting of Shareholders to take place on first convocation, at 12.30pm on 21st March, 1986 at the Cine Capitol, Villarios 10, Bilbao, Spain. Should the legally required quorum for the meeting not be present, the meeting will be held on second convocation at the same place and time on 22nd March, 1986. In view of the number and wide geographical distribution of the Company's shareholders, it will be virtually impossible for a quorum to be present on first convocation, and therefore it may be taken for granted that the Annual General Meeting will be held on the following day, that is, on Saturday 22nd March at 12.30pm. The Meeting will be held for the purposes of submitting to the approval of shareholders:

- 1. The Annual Report, Balance Sheet, Profit and Loss Account, proposed distribution of profit and report of the shareholders' auditors, all relating to the 1985 financial year. 2. The actions taken by the Board of Directors in 1985. 3. The appointment of members of the Board of Directors. 4. The appointment of shareholders' auditors for the 1986 financial year. 5. The authorisation of the Board of Directors to issue bonds and/or secured or unsecured loan stocks, convertible totally or partially into shares of the Company. 6. The reading and, if it be the case, approval of the minutes of the Meeting. The documents referred to in paragraph (1) above will be available for perusal by shareholders at the registered office of the Company during the period of 15 days prior to the holding of the General Meeting. Holders of depositary receipts to bearer (IDRs) wishing to exercise their voting rights in respect of the shares represented by the receipts held by them are reminded that in accordance with clause 14 of the terms and conditions they must lodge their receipts with Hill Samuel & Co Limited by 4.00pm on 18th March 1986 or with Morgan Guaranty Co Limited by 4.00pm on 17th March 1986. Voting rights may only be exercised in respect of depositary receipts representing ordinary shares duly recorded in the Company's share register five days before the date of the meeting. Hill Samuel & Co Limited 45 Beech Street London EC2P 2LX

THE ROYAL BANK OF CANADA

NOTICE OF PARTIAL REDEMPTION TO THE HOLDERS OF 9 1/2% DEBENTURES DUE APRIL 1, 1988 OF THE ROYAL BANK OF CANADA

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Trust Indenture bearing formal date of April 15, 1971 (as supplemented) and to the Third Supplemental Trust Indenture bearing formal date of March 31, 1976 (herein collectively referred to as the "Trust Indenture") between The Royal Bank of Canada (herein referred to as the "Bank") and Montreal Trust Company (herein referred to as the "Trustee"), as Trustee, providing inter alia for the creation and issue of 9 1/2% Debentures of the Bank, that CS aggregate principal amount of 9 1/2% Debentures due April 1, 1988 of the Bank in coupon bearer form in the denomination of C\$1,000 each bearing the distinguishing letter "E" and the under-mentioned distinguishing numbers, namely:

Table with columns for distinguishing numbers and amounts. Includes a large handwritten mark at the bottom right of the table area.

have been selected by lot by the Trustee for redemption on the 1st day of April, 1986 for sinking fund purposes only. All such Debentures so selected will be redeemed on April 1, 1986 in lawful money of Canada at the principal amount thereof upon presentation and surrender of the said Debentures (accompanied by the interest coupons accruing thereon which mature after April 1, 1986) at the option of the holder, at any of the following paying agents:

- Orion Royal Bank Limited, 1 London Wall, London EC2Y 5JX, which replaces Orion Bank Limited as Principal Paying Agent; The Royal Bank of Canada (Main Branch), 1 Place Ville Marie, Montreal H3C 3B5; The Royal Bank of Canada, 6 Lombury, London EC2R 7AP; The Royal Bank of Canada (Branch), 3, Rue Scribe, 75002 Paris; The Royal Bank of Canada A. Bockheim, Langstrasse 61, D-5000 Frankfurt (Main) 1, which replaces Burghard and Nottenbohm Bank A.G.; Chase Manhattan Bank Luxembourg S.A., 47, Boulevard Royal, Luxembourg; Credit Suisse, Paradeplatz 8, CH-8001 Zurich; Swiss Bank Corporation, Aeschmattenstrasse 1, CH-4002 Basle; Union Bank of Switzerland, Bahnhofstrasse 45, CH-8001 Zurich; Westdeutsche Landesbank Girozentrale, Friedrictstrasse 56, 4000 Düsseldorf 1. Debenture Holders should detach the April 1, 1986 coupon and present it in the usual way.

NOTICE IS ALSO HEREBY GIVEN pursuant to the terms of the Trust Indenture that all interest on the 9 1/2% Debentures so called for redemption shall cease to be payable from and after the said 1st day of April, 1986 and coupons for interest to accrue after such date upon said Debentures shall be void.

DATED AT LONDON this THE ROYAL BANK OF CANADA MONTREAL TRUST COMPANY, TRUSTEE ORION ROYAL BANK LIMITED.



Leisure Invs. climbs to £244,000 at halftime

First half profits, to December 31 1985, at Leisure Investments have risen to £244,000 from £189,000 to £244,000. The directors expect to report from an adjusted £189,000 to £244,000. The directors expect to report further increase at the year-end and say shareholders can look forward with considerable confidence. With the planned expansion of snooker clubs a greater proportion of earnings will come in the second half, they say. Full year results will bring the first distributable reserves since the company returned to the stock market last June, via the USM and put the company in a position to pay a dividend. Last November the company raised £1.8m net through a rights issue, the balance of £1.5m was spent on expanding the snooker division.

The number of clubs is being brought up to 10 with the addition of two luxury clubs each with over 20 tables and large licensed bar areas. The first is a £80,000 freehold investment in Surrey opening in the middle of next month, and the second will be housed in the Pan Am building in Central London. This will be the flagship of a new range of super clubs. There is a further programme of expansion planned and openings will be aimed for this autumn. The amusement division has again produced highly satisfactory results, the directors say. Turnover in the half-year was up from £124m to £13m and operating profit appeared at £436,000 (£320,000), before depreciation £140,000 (£107,000) and interest charge £82,000 (£55,000). Earnings are shown at 6.9p (5.9p).

FII ahead 31% midway

FII Group, shoe manufacturing and medical instruments company, lifted pre-tax profits 31 per cent in the half-year to November 30 1985 and anticipates further growth. Turnover rose by 15 per cent from £7.53m to £8.74m, and the pre-tax profit came out at £1.06m against £810,000. The interim dividend is raised to 2.25p (2p). The total for 1984-85 was 2.5p when profits reached £1.7m.

After tax of £344,000 Ratchiffs suffers net losses of £0.34m. West Midlands-based maker of brass and copper strip, has announced a net loss of £340,000 after all charges, for 1985, compared with a profit of £1.2m in 1984. The net tax charge amounted to £470,000 (£708,000), to leave losses per share of 8.20p against earnings of 27.87p. The dividend is cut by 1p to 1.5p (2.5p). The directors say that the loss in the parent company is after allowing for a provision for doubtful debts of £176,000 and an abnormally high under-valuation of stock against orders on hand of £87,000. Its subsidiary, Ratchiff (Canada), retained £347,000 (£878,000).

BOARD MEETINGS

- The following companies have notified their board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Indications are not available as to whether the dividends are interim or final and the sub-division shown below are based mainly on last year's timetable. TODAY: Interim: Crown, Goodwin, Highland Electronics, Intaverve Technology Services, John Kent, Polytechnic Electronics, Selsby, Synapse Computer Services, S. W. Wood. Final: Afex, Ault and Wilbers, William Beckett, Derek Cooney, Warren, Humberstone Electronic Controls, Lloyds Bank, Noble and Lund, Saga Holidays, Somport, Yveluron Investments. FUTURE DATES: Armstrong Equipment Mar 19; Barratt Developments Mar 20; Simeon Mar 20; Thorpe (F. W.) Mar 20; Final: Anglo American Gold Invest. Mar 8; Arcolect Mar 8; De Beers Consolidated Mines Mar 11; Guest Keen & Nippon Mar 12; Heston Johnson Mar 2; Inter Service Mar 12; Nichols (L. J.) Mar 12; Royal Dutch Petroleum Mar 13; SFF Mar 15; Shell Mar 5; Stockholders Far East Invest. Mar 5; Twinner Rutledge Mar 5; Wincmar Mar 12.

Banca del Gottardo

1985 DIVIDEND The ordinary general shareholders' meeting, held on February 27, 1986, fixed the following dividend for 1985 on shares and participant certificates of Stc. 100.- per value each: Sr. 16.- Sr. 5.00 35% withholding tax Sr. 10.40 net dividend This amount is payable as from February 28, 1986 at: - the Lugano head office, the Zurich office and the Lausanne, Locarno, Chiasso, Lugano and Nassau (Bahamas) branches. - Kreditbank S.A.: Liechtenstein, Lugano, Switzerland. This amount is payable as from February 28, 1986 at: - the Lugano head office, the Zurich office and the Lausanne, Locarno, Chiasso, Lugano and Nassau (Bahamas) branches. - Kreditbank S.A.: Liechtenstein, Lugano, Switzerland. This amount is payable as from February 28, 1986 at: - the Lugano head office, the Zurich office and the Lausanne, Locarno, Chiasso, Lugano and Nassau (Bahamas) branches. - Kreditbank S.A.: Liechtenstein, Lugano, Switzerland. This amount is payable as from February 28, 1986 at: - the Lugano head office, the Zurich office and the Lausanne, Locarno, Chiasso, Lugano and Nassau (Bahamas) branches. - Kreditbank S.A.: Liechtenstein, Lugano, Switzerland.

General Motors Acceptance Corporation of Canada, Limited

Can. \$100,000,000 10 1/4 % Notes due March 27, 1991 unconditionally guaranteed as to payment of principal and interest by General Motors Acceptance Corporation (Incorporated in the State of New York, United States of America) Issue Price 100 1/4 per cent. The following have agreed to subscribe or procure subscribers for the Notes: Wood Gundy Inc. Deutsche Bank Capital Markets Limited Union Bank of Switzerland (Securities) Limited Banque Bruxelles Lambert S.A. Banque Générale du Luxembourg S.A. Bank of Montreal CIBC Limited Commerzbank Aktiengesellschaft Credit Lyonnais Credit Suisse First Boston Limited Dominion Securities Pitfield Limited EBC Amro Bank Limited Genossenschaftliche Zentralbank Aktiengesellschaft Great Pacific Capital S.A. Hambros Bank Limited Kredietbank N.V. McLeod Young Weir International Limited Merrill Lynch International Morgan Stanley International Nomura International Limited Orion Royal Bank Limited Pemberton Houston Willoughby Incorporated Salomon Brothers International Limited Société Générale Swiss Bank Corporation International Limited Toronto Dominion International Limited

Application has been made for the Notes, in bearer form in the denominations of Can. \$1,000 and Can. \$10,000 each, constituting the above issue to be admitted to the Official List by the Council of the Stock Exchange, subject only to the issue of the temporary global Note. Interest will be payable annually in arrears on 27th March, the first payment being made on 27th March, 1987. Listing particulars of the Notes are available in the statistical services of Extrat Statistical Services Limited. Listing particulars for the Notes may be obtained during usual business hours up to and including 4th March, 1986 from the Company Announcements Office of the Stock Exchange and up to and including 14th March, 1986 from the following:- Wood Gundy Inc., 30 Finsbury Square, London EC2A 1SB. Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN. Chemical Bank, 180 Strand, London WC2R 1ET.

28th February, 1986

FT COMMERCIAL LAW REPORTS

Oil undervaluation distorts competition

REGINA V ATTORNEY-GENERAL, EX PARTE ICI Court of Appeal (Lord Oliver of Alton, Lord Justice Lloyd and Lord Justice Nourse); February 24 1988

A FISCAL advantage to certain oilfield operators which arises out of the Revenue's misapplication of statute and which distorts competition, is ultra vires and void and entitles a disadvantaged competitor to complain not only under domestic law, but also under EEC law in that constituting misapplication with knowledge is an "aid" requiring EEC approval.

The Court of Appeal so held when allowing an appeal by Imperial Chemical Industries and dismissing a cross-appeal by the Revenue from a decision of Mr Justice Woolf dated January 25 1988 (FT, January 29 1988) and April 3 1988, in ICI's application for judicial review of an esthane valuation made by the Revenue for petroleum revenue tax purposes.

Section 124 of the Finance Act 1983 provides for an alternative valuation of esthane used for petrochemical purposes: "(1) Where an election is made... shall be the market value for taxation purposes of any esthane to which the election applies shall be determined... in accordance with a price formula specified in the election; any reference to market value shall be construed accordingly."

Paragraph 1 of Schedule 18 to the Act, which election shall specify the period not exceeding 15 years, which is covered by the election. Article 92 of the European Economic Community Treaty (1) is granted by a member state... which threatens to distort competition by favouring certain undertakings... shall be incompatible with the common market.

LORD OLIVER said that when the Oil Taxation Act 1976 came into force the only buyer for North Sea gas was the British Gas Corporation (BGC). Shell and Esso had been active in exploiting the Brent complex in the North Sea, from which oil and gas were brought ashore at St Fergus. The terms on which gas was supplied from the Brent field to BGC were regulated by a long-term contract entered into before the Act came into force.

profit and allowable loss were based on later date a market value defined as the price for which oil could have been sold to a willing buyer in a sale "at arm's length", which was a sale unaffected by commercial relationships between buyer and seller, other than the contract itself.

Under section 2(5)(b) and paragraph 3(1) of Schedule 3, gas supplied by a participant to one of its own affiliates or otherwise than at arm's length "was to be valued on a month-by-month basis. Under the Brent contract Shell/Esso's obligation was to supply gas to meet BGC's specifications, but they were entitled to separate off and dispose separately of gas liquids including esthane.

Esthane provided one of several possible feedstocks for producing ethylene, the raw material for a very wide range of products. In Western Europe ethylene was produced from naphtha, which was used by ICI at its plant at Wilton.

In 1976 it was predicted that world demand for ethylene would increase. Oil companies embarked on extensive projects for establishment of ethylene plants using ethane from the North Sea fields as feedstock. At Mossmorran Esso began building a large ethylene plant, cost about £100 million, to be shared with ICI. ICI had already had ethylene plants at Grangemouth.

The only other producer of ethylene in the UK was ICI. Mossmorran and Grangemouth would be competing with its Wilton plant. The predicted demand for ethylene did not occur. There would be acute overcapacity into the 1990s.

Against that background section 124 of the Finance Act 1983 was enacted. It was ICI's case that they were entitled to the purpose of encouraging the oil companies to proceed with Mossmorran by offering them fiscal advantages which would make the investment worthwhile, and which ICI could not enjoy.

delivered to Mossmorran. The Revenue's case was that the only buyer for esthane as fuel in 1981-82 was BGC and that under the Brent contract BGC would not have paid more than 10 pence per therm if supply was firm and justice if supply was variable.

Mr Justice Woolf concluded that the Revenue's evidence was not correct in so far as it indicated support for a price of 10 pence per therm at arm's length, and that it would be unreasonable for it to adopt the valuation based on that part of its evidence.

He was saying no more than that there was no credible evidence on which the Revenue could possibly have reached that valuation. It was a conclusion to which he was entitled to come.

An analysis of the evidence showed that it was directed to the right point—the hypothetical market value which had to be compared with the election price formula. The market value situation between BGC and Shell/Esso under the Brent contract, having regard to the pre-existing commercial relationship between them as buyer and seller.

The hypothetical contract which the statute required to be constructed was one for sale at Mossmorran. Schedule 18 contemplated only one relevant contract, and that was a contract for sale at arm's length of the esthane to which the election applied—esthane delivered at Mossmorran, to include transport and separation costs.

The Revenue's cross-appeal on the valuation point was therefore rejected. The Revenue also challenged the judge's decision that ICI had sufficient interest in the matter to give it locus standi to claim relief.

agency with knowledge was permitting in misapplication of statutory provisions which had the effect of distorting competition by favouring the oil companies, that was an aid.

Under the legislation correctly applied the oil companies would be competing on the basis of a legal obligation to pay PRT assessed on the market value of esthane supplied. The improper remission of the PRT legally payable must have the effect of distorting competition and favouring the oil companies as against ICI.

Whether it was an aid compatible with the common market was for the Commission to say. Equally if the election were ultra vires the Revenue it must constitute a "proposed measure".

ICI therefore had locus standi to complain pursuant to the EEC Treaty. With regard to locus standi under national law, it was clear that the court was not a taxpayer, but a competitor whose particular and individual interests were recognized as being inevitably affected by the operation of the statutory provisions.

The judge rightly concluded that this was one of the rare cases where a taxpayer had the necessary locus. ICI came before the court not qua taxpayer, but qua competitor whose particular and individual interests were recognized as being inevitably affected by the operation of the statutory provisions.

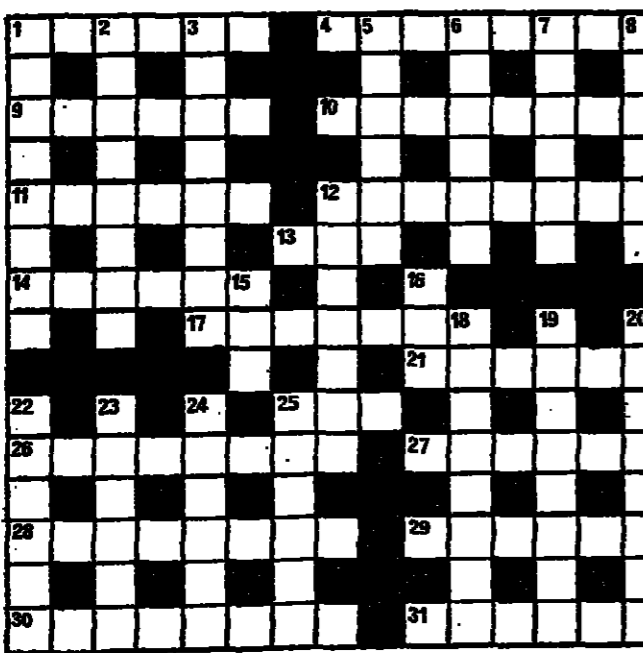
Lord Justice Lloyd and Lord Justice Nourse gave concurring judgments. The court made declarations directed to any past as well as future election. For ICI, Robert Alexander QC, David Vaughan QC and Gerald Baring (VO White). For the Revenue, Samuel Stammers QC, Francis Jackson QC and John Manservy, Treasury Solicitor.

By Rachel Davies Barrister

AUTHORISED UNIT TRUSTS

Table listing various unit trusts and their performance metrics, including names like 'British Equities', 'Fidelity', and 'Investment Company', along with columns for 'Assets', 'Income', and 'Total Return'.

F.T. CROSSWORD PUZZLE No. 5960



- ACROSS
1 Frank and the detectives are outside (6)
4 When his unusually large weight is included, stagger! (8)
9 Mutilate the chap with the broken leg (6)
10 Urgently needed a judge with a letter opener (9)
11 Carl's a sort of sailor from the East Indies (6)
12 One who's missing Jack, told to go to Central Greece (8)
13 Service a lighter with the front removed (9)
14 Moved very slowly, parking before being arrested (6)
17 When last in, coming back bloodstained, give up (7)
21 Becoming respectable (6)
25 Score, for example, after the cup final
26 Dating a Plater production: "Return of a Princess" (8)
27 Many—around 38—needed some form of insurance (6)
28 Assumed one badly made drink must be consumed (6)
29 News of a way-out device (6)
30 Getting up some person who is late? (6)
31 Before following, had broken stick (6)

Solution to Puzzle No. 5959
DOWN
1 Pan and Collin cooked beef (8)
3 Not chose to write about an extraordinary thing (8)
3 Engineer lied about rebuilt fat being unlucky (5-5)
5 Skinhead with pen goes to first enquiry clerk (6)

RATCLIFFS (Great Bridge) PLC.



PRELIMINARY ANNOUNCEMENT

Results for the year to 31st December 1985

Table showing financial results for Ratcliffs (Great Bridge) PLC for 1985 and 1984. Includes Group Sales, (Loss) Earnings Gross, Parent Company Subsidiary, Group Taxation, (Loss) Net Earnings for the Year After Tax, Total Cost of Ordinary and Preference Dividends, and Dividends on Ordinary Shares.

NOTE: The parent company loss is after allowing for a provision for doubtful debts of £176,000 and an abnormally high undervaluation of stock against orders on hand of £237,000.

CHAIRMAN'S COMMENTS

1985 YEAR
Great Bridge exports severely hit by the 30% increase in sterling exchange rate over the year resulting in continuous short time working from September 1st. More normal conditions returned in Canada and earnings for 1985 are considered to be satisfactory.

DIVIDENDS
Your directors are recommending a final dividend on ordinary shares of 1.50p making a total of 2.50p for the year (1984-3.50p/1983-1.75p).

PROSPECTS
A difficult year is in prospect for Great Bridge unless there is a change in government policy on interest and exchange rates. Canadian subsidiary expected to continue at a satisfactory level of earnings.

February 27th, 1986. F. R. Ratcliff, Chairman. ANNUAL GENERAL MEETING 3.00pm, Tuesday, 29th April at Birmingham Chamber of Commerce and Industry. Detailed statements will be mailed to shareholders on 3rd April, 1986.

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various financial products and companies, including 'Manufacturers Life Insurance Co (UK) - Cont'd', 'Property Growth Assur Co Ltd - Cont'd', and 'Scottish Widows'.

Main table listing 'AUTHORISED UNIT TRUSTS & INSURANCES' with columns for company names, addresses, and financial data.

INSURANCES

Table listing various insurance companies and their details, including 'AA Friendly Society', 'Abbeys Life Assurance Co Ltd', and 'Allied Dunbar Assurance Plc'.

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Handwritten text: 10/10/10

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including: Scottish Mutual Assurance Society, Swiss Life Pension Ltd, TSB Life Ltd, Scottish Widows' Group, Teachers' Pension Scheme, and various international and offshore funds.

Table of insurance and overseas funds including: BNP Paribas (Jersey) Ltd, The English Trust Group, Equity & Law International Fund, Standard Bank & Trust Co Ltd, and various international and offshore funds.

Table of insurance and overseas funds including: Members Bank Ltd, Management International Ltd, Manufacturers Hanover Funds, Midland Bank Ltd, and various international and offshore funds.

Table of insurance and overseas funds including: Swiss & Prosper International, Waring & Goring Investment Management, and various international and offshore funds.

Table of offshore and overseas funds including: Sun Life of Canada (UK) Ltd, Alliance Capital Management Ltd, and various international and offshore funds.

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Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTIONS

Table of traditional options including: 3-month call rates, 3-month put rates, and various option contracts.

COMMODITIES AND AGRICULTURE

Time running out for Liberia's \$200m iron ore project

BY PETER BLACKBURN

TIME IS running out for the Liberian American Swedish Minerals Company (Lamco) to make important investment decisions to enable it to continue high grade iron ore mining beyond 1989.

At stake is the continued operation of the Lamco joint venture, Liberia's main export earner, which is 62.5 per cent owned by the Liberian Government and 37.5 per cent by the Canadian subsidiary of Granges International, a part of the Swedish Electrolux Group. Despite a depressed world market and continuing political instability in Liberia, Lamco is persevering in its efforts to develop the Miferugi deposits on the Guinean side of Mount Nimba.

"We are still optimistic the project will go ahead. The ore is there. Most of the infrastructure is there. Both the Liberian and Guinean Governments are interested," the President of Lamco's joint venture operating company, Mr John Pervola, said.

The project has long been delayed by depressed world steel and iron ore markets, as well as by financial, management and political problems. But a decision is needed this year or Lamco's high grade ore operations will grind to a halt by the end of 1989.

High level talks were held in Monrovia last month with a Guinean Government delegation attending the inauguration of

General Samuel Doe as the first president of Liberia's Second Republic.

"The political and industrial will are there. We now need to set up a workable organisational structure and arrange financing," Mr Pervola said. One solution being envisaged is the creation of a joint venture between Lamco and a Guinean mining consortium. There are an estimated 600m tonnes of high grade reserves only 50 km north of Lamco's existing Nimba mine. The ore would be evacuated along Lamco's 270 km railway to the port of Buchanan. Relatively little new rail or port infrastructure would therefore be needed.

Investment costs have been considerably scaled down and plans now envisage an investment of about \$300m for an annual output of 12m tonnes of a year of finished product, of which 10m tonnes a year would come from the Guinean side, according to Lamco officials.

Pending the start-up of Miferugi production Lamco invested \$12m in the reopening of the Tokedah high grade mine in May 1985.

It was a vote of confidence in Liberia and the market," Mr Pervola said, adding, "It also buys an extra two years before the high grade reserves run out."

Another option involves the development of lower grade deposits in the western area



Map of Liberia showing the location of the iron ore project near the coast.

require the construction of a 110 km railway.

The Tokedah reopening came after a major austerity programme had helped to improve Lamco's financial stability. Cost cutting measures yielded savings of some \$60m in 1983 and 1984, according to Lamco JV's secretary-treasurer, Mr Ingemar Ussar.

The workforce was cut by one third to 2,500 with a similar reduction in expatriate staff to 185. Major savings were also achieved through energy con-

servation, transport economies, stock controls and increased direct purchasing.

The measures substantially reduced Lamco's accumulated losses aggravated by a sharp downturn in Lamco's important European and US markets in 1982-83. Lamco's shipments of finished products fell by one third to 7.8m tonnes in 1982 and by a further 12 per cent to 6.9m tonnes in 1983.

However shipments returned to 9.1m tonnes in 1984 partly due to the drawing down of stockpiles but fell back to 8.4m tonnes in 1985. The austerity measures combined with a level it reached on Tuesday.

The coffee market continued its recent sea-saw movements with the May position trading in an 825 range before ending \$5.50 down on balance at \$2,628.50 a tonne.

LME prices supplied by Amalgamated Metal Trading.

Aluminium Unofficial + or - High/Low 2 per cent

Official closing (am): Cash 294.5-295.5 (294.5), three months 291.5 (292.5), settlement 294.5 (295.5). Final Kerb close: 294.5. Turnover: 22,500 tonnes.

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India worried over fall in groundnut output

Pact fears hit cocoa price

BY WILLIAM DULLFORCE IN GENEVA AND ANDREW GOWERS IN LONDON

COCOA PRICES dropped sharply on the London futures market yesterday morning following a surprise announcement that the Ivory Coast, the largest producer of the commodity, would not participate in a new International Cocoa Agreement.

At one point, speculative selling took prices to a 27-month low of \$1,509 a tonne, but later on, values rebounded with support from manufacturer buying to close just \$9.50 down on the day at \$1,518.50.

"We've come down a long way fairly fast, and all the bears have been absorbed," said one trader. But many dealers still believe that there is still ample scope for further price falls, given that some producers have a good deal more of this season's crop left to sell.

Meanwhile in Geneva, negotiators marked time in apparent confusion over how to proceed.

gathered momentum over the past couple of weeks, has been accompanied by heavy selling from the West African producers, particularly from the Ivory Coast itself.

There were strong doubts even before the current negotiations between producing and consuming countries started earlier this month that they would result in a new price-support agreement.

But the market appears to have concluded that the statement by Mr Denis Bra Kanon, the Ivory Coast Agriculture Minister, on Wednesday has all but eliminated any chance of an effective new cocoa pact. This means that ways will have to be found of selling to the International Cocoa Organisation's 100,000-tonne buffer stock; traders see this happening gradually rather than all at once, and believe it will not cause undue disruption.

Malaysia studies ways to halt palm oil price slide

BY WONG SULONG IN KUALA LUMPUR

THE PRICE of crude palm oil fell to an all-time low of 1,000 ringgit this time last year. The relentless price slide has prompted the ministry of primary industries to form a special committee to look into ways of boosting prices.

Traders said the latest price is below the production cost of Malaysian palm oil, which averages around 950 ringgit a tonne.

The main reason for the depressed prices is the record carry-over stocks held by Malaysian estates and refiners. This is now estimated at nearly 1,000,000 tonnes, compared with just over 410,000 tonnes at the same time last year. In addition, India, the world's biggest consumer of palm oil, has been out of the Malaysian market for some time.

Brazil lowers coffee sales target

BY ANN CHARTERS IN Sao Paulo

THE BRAZILIAN Coffee Institute (IBC) has announced that Brazil's coffee exports this year will be reduced from 17m bags to 15m bags.

The long awaited revised IBC estimates on the size of this year's coffee crop which was severely damaged by the 1985 drought will not be made until after the IBC has decided to use the estimate of 14m bags calculated by the agriculture secretaries in the states where coffee is grown.

The IBC's initial estimate, in early January placed this year's crop at 16.7m bags, but was widely regarded as too optimistic since data was collected before the drought ended.

Traders have contended that Brazil will produce no more than 14m bags in the coming harvest.

P. C. Mahanti writes from Calcutta: Indian coffee producers have urged the Government to reconsider its recent decision to double the coffee export duty to Rs 600 a quintal (\$340 a tonne). They fear the high duty will limit export potential and land the country with a burdensome stockpile of the commodity.

At an estimated 196,000 tonnes the 1984/85 crop heavily exceeded the 160,000 tonnes target and was only a little way short of the long term production target of 200,000 tonnes by the turn of the century.

The domestic market absorbs about 60,000 tonnes a year and the producers claim the duty will keep exports down to another 60,000 tonnes, leaving some 76,000 tonnes in stock.

Markets could be found for the surplus, especially in the Communist Bloc, they say, but only at throw-away prices which would be ruled out by the high rate of duty. Such sales, they point out, would not only provide relief to growers but would also earn the country valuable foreign exchange.

The producers also want the Government to mount a campaign to promote internal coffee consumption.

LONDON MARKETS

THE SHAKOUT in the platinum market following the recent dramatic rise continued yesterday with the London price adding \$10.25 to Wednesday's \$16 fall at \$391.25 a troy ounce.

There has been no change in the fundamental situation which encouraged the preceding rise—South African unrest and production problems at Impala's mines following last month's sackings—but it appears that the upsurge, which was fuelled by speculative buying, may have been overdone and traders have not been surprised to see substantial profit-taking. The gold market also continued its retracement with a \$10.25 fall to \$336.50 a troy ounce.

But its discount against platinum has now narrowed to \$54.75 from 184.25. It level it reached on Tuesday.

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India worried over fall in groundnut output

BY P. C. MAHANTI IN CALCUTTA

A SHARP drop in groundnut production is causing serious concern for the Indian Government as the higher edible oil imports which will put further pressure on the country's already strained balance of payments situation.

The groundnut crop, which accounted for 7m tonnes out of India's total 1984-85 oilseeds production of 13m tonnes, is forecast at little more than 5m tonnes this season, because of drought and adverse weather conditions in the main growing areas. This means there will be a large shortfall from the 15m tonnes target for total oilseeds output.

As a result, traders say, edible oil imports for 1985-86 may reach 1.6m tonnes, up from 1.3m tonnes (worth about \$1.3bn) in 1984-85.

India is the world's biggest producer of groundnuts and the third highest of oilseeds as a whole. But its growing demand for edible oils—reflecting population growth, urbanisation and higher living standards—has been outpacing its 5 per

INDICES FINANCIAL TIMES

Feb 27 Feb 26 96th 100th 100th 100th

REUTERS Feb 27 Feb 26 96th 100th 100th 100th

DOW JONES Feb 27 Feb 26 96th 100th 100th 100th

MAIN PRICE CHANGES In tonnes unless otherwise stated.

METALS

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India worried over fall in groundnut output

BY P. C. MAHANTI IN CALCUTTA

A SHARP drop in groundnut production is causing serious concern for the Indian Government as the higher edible oil imports which will put further pressure on the country's already strained balance of payments situation.

The groundnut crop, which accounted for 7m tonnes out of India's total 1984-85 oilseeds production of 13m tonnes, is forecast at little more than 5m tonnes this season, because of drought and adverse weather conditions in the main growing areas. This means there will be a large shortfall from the 15m tonnes target for total oilseeds output.

As a result, traders say, edible oil imports for 1985-86 may reach 1.6m tonnes, up from 1.3m tonnes (worth about \$1.3bn) in 1984-85.

India is the world's biggest producer of groundnuts and the third highest of oilseeds as a whole. But its growing demand for edible oils—reflecting population growth, urbanisation and higher living standards—has been outpacing its 5 per

US MARKETS

PRECIOUS METALS traded steadily although long liquidation was evident. Linking to declining industrial expectations, reports Heinrich Commodities, Copper, Gold and Aluminum showed a steady tone on buying linked to prospects for stronger economic growth.

Sugar traded steady to higher as light commercial buying emerged. Manufacturer pricing helped firm cocoa values after yesterday's overreaction to the Ivory Coast announcement.

Coffee was mixed with light short-covering in the nearby contracts. A lack of fresh news kept cotton steady. Heating oil declined sharply as temporary supports were pulled out when European spot prices turned lower.

The grain complex traded mixed to lower with maize under pressure on expectations of heavy deliveries. Soybeans remained steady reflecting light commercial interest.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

March 52.25 52.25 52.25 52.25

COPPER 25,000 lb, cents/lb

March 205.00 205.00 205.00 205.00

NICKEL 35,000 lb, cents/lb

March 100.00 100.00 100.00 100.00

TIN 25,000 lb, cents/lb

March 410.00 410.00 410.00 410.00

GOLD 100.00 100.00 100.00 100.00

SILVER 5,000 troy oz, cents/troy oz

March 200.00 200.00 200.00 200.00

COCAOA 5,000 lb, cents/lb

March 200.00 200.00 200.00 200.00

COFFEE 35,000 lb, cents/lb

March 100.00 100.00 100.00 100.00

WHEAT 5,000 bushels, cents/bushel

March 100.00 100.00 100.00 100.00

SOYBEAN MEAL 5,000 lb, cents/lb

March 100.00 100.00 100.00 100.00

HEATING OIL

42,000 US gallons, cents/US gallon

March 42.00 42.00 42.00 42.00

ORANGE JUICE 16,000 lb, cents/lb

March 52.00 52.00 52.00 52.00

PLATINUM 50 troy oz, \$/troy oz

March 380.00 380.00 380.00 380.00

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

March 32.00 32.00 32.00 32.00

LIVE HOGS 30,000 lb, cents/lb

March 30.00 30.00 30.00 30.00

MAIZE 5,000 bu min, cents/bu bushel

March 100.00 100.00 100.00 100.00

PORK BELT 30,000 lb, cents/lb

March 50.00 50.00 50.00 50.00

SOYABEAN OIL 30,000 lb, cents/lb

March 20.00 20.00 20.00 20.00

SOYABEAN MEAL 100 tons, \$/ton

March 100.00 100.00 100.00 100.00

SPOT PRICES—Chicago local lead

March 100.00 100.00 100.00 100.00

CRUDE OIL—FOB (per barrel)—March

March 100.00 100.00 100.00 100.00

GAS OIL FUTURES

March 100.00 100.00 100.00 100.00

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

Table of American Funds with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'CANADIANS', 'BANKS, HP & LEASING', and 'CORPORATION LOANS'.

Table of International Bank and Overseas Securities with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'CORPORATION LOANS' and 'COMMONWEALTH & AFRICAN LOANS'.

Table of Loans with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'Building Societies', 'Public Board and Ind.', and 'Financial'.

Table of Foreign Bonds & Rails with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'AMERICANS' and 'BUILDING, TIMBER, ROADS'.

Table of American Stocks with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'BUILDING, TIMBER, ROADS' and 'ENGINEERING'.

Table of American Stocks with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'HOTELS AND CATERERS' and 'INDUSTRIALS (Miscellaneous)'.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, Roads, and Drapery & Stores stocks with columns for Stock, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for Stock, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Stock, Price, Dividend, and Yield.

ENGINEERING

Table of Engineering stocks with columns for Stock, Price, Dividend, and Yield.

ENGINEERING - Continued

Table of Engineering stocks with columns for Stock, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other stocks with columns for Stock, Price, Dividend, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Stock, Price, Dividend, and Yield.

INDUSTRIALS (Miscellaneous)

Table of Industrial stocks with columns for Stock, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Stock, Price, Dividend, and Yield.

Handwritten note: 'No ill note'.

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Financial Times Friday February 28 1986

INDUSTRIALS—Continued

Table of industrial stocks including companies like Alcoa, Amstar, and various chemical and metal producers. Columns include stock name, price, and volume.

LEISURE—Continued

Table of leisure and recreational stocks including companies like Leisure World and various resort operators.

PROPERTY—Continued

Table of real estate and property stocks including companies like American Realty and various land trusts.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various equity and bond funds.

FINANCE, LAND—Cont.

Table of financial and land-related stocks including banks and insurance companies.

MINES—Continued

Table of mining stocks including various metal and coal producers.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Boeing and General Motors.

SHIPPING

Table of shipping stocks including companies like American Lines and various shipping companies.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like Wolverine and various footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks including various mining and industrial companies.

TEXTILES

Table of textile stocks including companies like Burlington Industries and various fabric manufacturers.

TOBACCO

Table of tobacco stocks including companies like R.J. REYNOLDS and various tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various investment vehicles.

PROPERTY

Table of property stocks including various real estate investment trusts.

INSURANCE

Table of insurance stocks including companies like American International and various insurance providers.

LEISURE

Table of leisure stocks including various recreational and travel companies.

OIL AND GAS

Table of oil and gas stocks including companies like Exxon, Shell, and various energy producers.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like American Overseas and various international trading firms.

PLANTATIONS

Table of plantation stocks including various agricultural and land management companies.

TEAS

Table of tea stocks including various tea plantation and processing companies.

MINES

Table of mining stocks including various metal and coal producers.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including various local and international companies.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including various precious metal producers.

CENTRAL AMERICA

Table of Central American stocks including various companies from the region.

FINANCE

Table of financial stocks including banks and insurance companies.

AUSTRALIANS

Table of Australian stocks including various companies from Australia.

MISCELLANEOUS

Table of miscellaneous stocks including various other companies.

NOTES

Notes section containing financial news, market commentary, and company announcements.

RECENT ISSUES AND RIGHTS

Recent issues and rights section listing new offerings and rights issues.

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LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

*First Declared Last Account Dealings Dates
Feb 10 Feb 20 Feb 21 Mar 3
Feb 24 Mar 13 Mar 27 Apr 7

Institutional support sweeps markets to even higher levels

Avid institutional buying launched leading stocks higher from the moment business opened in London yesterday.

day, ended a couple of pence off at 261p. General Accident, scheduled to report on the same day, was undisturbed at 333p, after 830p. Sea Alliance, however, moved up 13 at 648p.

US Press about the Mexican debt situation helped the major clearing banks attract renewed support ahead of today's start of the dividend season.

Buildings finished the session with seven bright features. Favourable Press comment gave a fresh boost to Blue Circle which touched 603p prior to closing 10 higher at 569p, while further demand in the wake of the good annual results lifted Airled McAlpine 10 to 382p.

Householders attracted buyers on cheaper mortgage products. The Royal Bank of Scotland was prominent and firm 4 to 148p, after 182p, while Bryant gained a like amount to 99p, as did John Laing to 352p.

Yorkshire continued to respond to the good annual results and raced ahead to 114p before closing a net 5 up at 109p, a two-day advance of 12.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Table with columns: Index No., Day's Change, % Change, etc. for various equity groups like CAPITAL GROUPS, BUILDING SOCIETIES, etc.

FIXED INTEREST

Table showing average gross redemption yields for various fixed interest instruments like British Government, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Feb 27, Feb 26, Feb 25, Feb 24, Feb 23, Feb 22, Feb 21, Feb 20, Year ago

HIGHS AND LOWS

Table showing high and low prices for various stock indices like Govt. Secs, Fixed Int., Ordinary, Gold Mines.

S.E. ACTIVITY

Table showing S.E. activity for various sectors like Govt. Secs, Fixed Int., Ordinary, Gold Mines.

with the preliminary figures. In contrast, renewed demand in a limited market left Wire and Cable 27 to the good at 305p.

BECHAM FAL

A revival of selective buying left most leading miscellaneous industrials with useful gains.

WEDNESDAY'S ACTIVE STOCKS

Table listing Wednesday's active stocks with columns for stock name, price, and change.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data for various currencies and stocks.

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while Beckrose advanced 5 to 45p. Wm. Baird, reflecting continuing hopes of a bid from Dawson International closed 20 higher at 540p, after 560p.

Horizon Travel, still excited by Wenzel's announcement that IEP Securities had taken a 7.4 per cent stake in the company, rose 7 for a two-day gain of 12 to 109p.

South African Golds, on the other hand, endured an uncomfortable session. Prices were marked sharply lower at the end of the day.

Renewed weakness in overnight commodity markets, coupled with the decline in metal prices fell away to a day's low of 5333 during initial trading in London.

TRADED OPTIONS

Demand for Traded Options increased substantially with 27,420 contracts struck. Business was well distributed throughout the list although operators continued to trade by particular attention to British Telecom which contributed 3,270 calls and Imperial Group which attracted 3,222 calls and 600 puts.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various stock categories like British Funds, Foreign Bonds, etc.

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RECENT ISSUES

EQUITIES

Table listing recent equity issues with columns for issue name, price, and details.

FIXED INTEREST STOCKS

Table listing fixed interest stock issues with columns for issue name, price, and details.

RIGHTS OFFERS

Table listing rights offers with columns for issue name, price, and details.

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February 27 Total contracts 27,420 Calls 21,000 Puts 5,420 Underlying security price

WORLD STOCK MARKETS

Handwritten note: [Illegible]

Main table of world stock markets including sections for Austria, Germany, Norway, Australia, Japan, Canada, and various indices. Each section lists stock symbols, prices, and changes.

OVER-THE-COUNTER

Nasdaq national market, 2:30pm prices

Table of over-the-counter stock prices with columns for stock name, price, and change.

NEW YORK

Table of New York stock market data including indices and individual stock prices.

INDICES

Table of various stock indices and their performance metrics.

LONDON

Table of London stock market data including indices and individual stock prices.

DESIGN

Advertisement for 'DESIGN in BRITISH BUSINESS' featuring a survey of business trends.

Large advertisement for 'FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER' with contact information and a logo.

Prices at 3pm, February 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for 12 Month High/Low, Stock Name, Div. Yld., P/E, 100s High/Low, and Change. Includes sections for D, O, and P.

Continued on Page 43

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, Stock, Div, Yld, P/E, 100s, High, Low, and Change. Includes a handwritten note 'The 11 not 16' at the top right.

AMEX COMPOSITE PRICES

Prices at 3pm, February 27

Table of AMEX Composite Prices listing various stocks with columns for High, Low, Stock, Div, Yld, P/E, 100s, High, Low, and Change.

OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

Table of Over-the-Counter prices listing various stocks with columns for High, Low, Stock, Div, Yld, P/E, 100s, High, Low, and Change.

Continued on Page 41

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Rate hopes fuel rise to fresh peaks

WIDESPREAD RUMOURS that the Group of Five countries plan cuts in interest rates sent the market on Wall Street surging through the Dow 1,700 barrier in heavy trading yesterday, writes Terry Byland in New York.

Despite denial of the rumour from several quarters, the rate hopes outweighed the effects on the stock market of a bearish statement from IBM.

Bond prices soared by 2 full points on one stage, cutting the yield on long-dated issues to under 8.30 per cent.

At 3pm the Dow Jones Industrial average was up 7.03 at 1,704.01.

An early 7-point advance in the Dow average came to a standstill when IBM stock plunged as three of the major Wall Street investment firms cut their ratings on the stock. IBM later admitted to "negative impact" on first-quarter revenues.

But the market quickly steadied and with both the blue chips and the broader market buoyant, the Dow 1,700 barrier was breached once more.

Firmness in airline stocks helped the Dow transportation average. The American Stock Exchange active list was again headed by Philippine Telephone, a further 5/8 up at \$57.

At \$155 3/4 IBM was down 2 1/4 in heavy

turnover, but well above the worst. Other technology issues also weakened, but there was no rush to sell stock. "A year ago, the market would have tumbled if IBM had fallen \$3," a leading trader said.

Investment interest focused on the credit markets, where bonds continued to soar as rumours circulated that co-ordinated cuts in discount rates were planned by the G5 industrial nations. Mr Preston Martin, Fed governor denied that he said the G5 countries had set a new meeting to discuss currencies.

But bond prices extended early gains. Federal bonds met active, if speculative, demand. In the corporate bond sector, the heavy rush of new financing continued, with Citicorp pricing \$250m debentures and CIT Financial pricing \$200m of three-year notes.

The sniff of lower interest rates brought sharp gains in banking stocks. Bankers Trust at 33 3/8 was 1 1/2 higher while Chase Manhattan jumped 2 3/4 to 34 1/4 and J.P. Morgan 3 3/4 to 37 1/4.

Stock in BankAmerica gained 5 1/4 to \$18 1/4 in heavy trading on reports that Mr Sanford Weill, former chief of American Express, had offered to raise \$1bn for the San Francisco bank, if he became its chief executive in place of Mr Sam Armacost.

A weak spot in the Dow industrials list was Eastman Kodak, down 1 1/4 at \$57 1/4, also heavily traded as speculators backed down from the rumours that GAF Industries might bid.

But Union Carbide continued to edge up, gaining 3/8 to \$98 1/4. General Motors held steady at \$78 3/4, and Ford shed only 1/8 to \$70 1/4.

Bid speculators in airlines were re-

warded with the confirmation that Trans World Air is offering \$19 a share for Ozark Air, which resumed trading at \$18 on the American Stock Exchange after a brief suspension.

There was huge turnover again in Eastern Air Lines \$ 1/4 up at \$9 with its proposed merger partner, Texas Air, down 1 1/4 at \$24 1/4.

Other airline stocks held firm despite a new round of fare discounting by United, 3/8 higher at \$57 1/4, and American, 3/4 up at \$50 1/4.

Renewed weakness in US crude oil futures brought another selling bout in oil stocks. Exxon, a Dow industrial component, fell \$1 to \$53, Atlantic Richfield \$1 1/4 to \$53 1/4 and Chevron \$1 1/4 to \$36 1/4.

But the same factor boosted chemical stocks. Results from ICI of the UK justified New York buying earlier in the week, and the stock added 3/8 to \$49 1/4. Monsanto bounced ahead 1 1/4 to \$58 and Du Pont recouped 3/4 of this week's loss to stand at \$70.

In the credit market uncertainty was also fuelled by the announcement of another \$1.5bn in customer repurchases by the Federal Reserve, in its fourth successive daily supply of reserves. However, Wall Street remained unconvinced that Fed policies had shifted. Treasury bill rates made little change. But the surge in bond prices was unaffected by denials from the Bundesbank that any special meeting was scheduled. Mid-session saw prices at their best levels.

TOKYO

Fourth high precipitates concern

AS EXPECTATIONS of another cut in the official discount rate grew, share prices advanced to another record high in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average finished at 13,642.14, up 20.44 from the previous day and resetting the record for the fourth consecutive day. Trading continued active with volume reaching 779.29m shares, although falling short of Wednesday's 903.71m. Gainers outnumbered losers by a narrow margin of 441 to 437, with 111 issues unchanged.

The stock average gained 63.12 at one stage but later declined as blue-chip electricals lost strength on the prospects that the stronger yen would adversely affect their earnings positions. This was a sign that investors are beginning to be concerned about higher prices.

Expectations of another discount rate cut were sparked by an overnight fall below 8.5 per cent in the yield on the 30-year US Treasury bonds and the yen's rise past the barrier of 179 to the dollar in Tokyo.

In the trading spotlight were domestic demand-related issues, such as foods and pharmaceuticals, as well as large-capital stocks.

Tokyo Gas topped the active list with 61.04m shares changing hands, gaining Y13 to Y356. Tokyo Electric Power attracted strong buying interest and jumped Y180 to a record Y3,100. The issue was the fifth most active stock with 17.79m shares. Kansai Electric Power also leaped Y110 to Y2,180.

Mitsubishi Heavy Industries, the second busiest issue with 24.11m shares traded, rose Y10 to Y385, and Nippon Steel, fourth with 19.06m shares, was up Y4 to Y166.

Among issues benefiting from domestic demand expansion, Nichirei, with heavy off-the-book orders, added Y22 to Y595, while Nissin Flour Milling, which is expected to enjoy cheaper raw materials imports due to the strong yen, advanced Y20 to Y380.

Pharmaceuticals fared well, with Takeda Chemical soaring Y60 to Y1,100, Toyama Chemical Y38 to Y790 and Shionogi Y18 to Y888.

Foreign investors placed sell orders for 2.5m Hitachi shares. This sent down other blue-chip electricals, and precision instruments declined almost across the board.

Hitachi shed Y10 to Y729, Matsushita Electric Industrial Y40 to Y160, Sony Y170 to Y3,470 and Nippon Kogaku Y40 to Y1,010.

On the bond market, the sharp fall in the yield on the 30-year US bonds and the yen's firmness generated investor hopes of another discount rate reduction. The Bank of Japan purchased long-term government bonds worth Y50bn.

The yield on the 6.5 per cent government bonds, due in December 1994, dropped from Wednesday's 5.410 per cent to a record low of 5.345 per cent, surpassing the previous low of 5.395 per cent set on October 19 last year.

The yield on the benchmark 6.2 per cent government bonds, maturing in July 1995, declined to 5.400 per cent from 5.475 per cent.

AUSTRALIA

TRADING IN BHP dominated an easier Sydney yesterday. Mr Robert Holmes à Court's partial takeover offer for Australia's largest company has been stopped by an injunction from the Victorian Supreme Court.

BHP ended down 14 cents at A\$6.36 after touching a low for the year of A\$6.20. Bell Resources, Mr Holmes à Court's takeover vehicle, gave up 5 cents to A\$4.45 while the Bell Group fell 10 cents to A\$5.90.

Other industrials managed some gains, with ACI - at the centre of takeover rumours - rising 5 cents to A\$3.35 on a turnover of 5.4m shares.

EUROPE

Cautious eye stays fixed on the dollar

ALL EYES remained fixed on the dollar yesterday as most European bourses traded cautiously, unsure just how far the currency would fall.

Frankfurt kept its gaze on the DM 2.20 barrier and many foreign investors, unwilling to expose themselves to further currency uncertainty, moved into the bond market. The Commerzbank index tumbled to a 2 1/2-month low with a 30.1 fall to 1,863.6. A firmer tone developed near the close of the session, however.

The export and dollar-sensitive stocks took another bruising as BMW led the way with its DM 23 slide to DM 483, followed by Daimler, DM 21 cheaper at DM 1,147. Porsche confounded dealers with its DM 10 rise to DM 1,170.

The mood also soured in chemicals with BASF down by DM 6.60 to DM 294 and Bayer DM 5.20 off at DM 305.

Among banks, still mindful of possible oil producer debt problems, Deutsche Bank retreated DM 12.30 to DM 723.70 and Commerzbank lost DM 3.50 to DM 269.50.

The mood changed swiftly in stores. Herten gave up all the gains of the previous session with its DM 10 decline to DM 236, while Kautschuk edged DM 1 down to DM 426.

Brown Boveri slipped 60 pfg to DM 264.50 on higher turnover figures for 1985.

Electricity utility RWE retreated DM 5.30 to DM 228.20 as it warned about the impact of environmental protection costs weighing on its profit performance.

Varta gave up DM 15 to DM 290 despite the battery and plastics group announcing a 6 per cent sales increase for last year.

An active bond market took prices higher by up to 90 basis points. The impetus was the falling dollar, speculation over an EMS realignment and Wednesday's sharply higher close of the US credit markets.

A growing belief that the US, Japan and West Germany may cut basic central bank lending rates soon added to the buoyant tone of the session.

The Bundesbank sold a large DM 78.5m of domestic paper after buying DM 23.6m in the previous session.

The new federal government bond to be issued on Monday may have a 6 per cent coupon, the lowest for a 10-year paper since 1977, according to dealers.

The lower dollar again inhibited Zurich and even the sparkling Union Bank results failed to provide any support.

UBS bailed slipped to a low for the

year with a SFr 140 fall to SFr 4,680, while the registered stock eased SFr 40 to SFr 890. Other banks eased and insurers finished lower with Swiss Re SFr 600 down at SFr 14,400.

Amsterdam lost heart by midday and finally turned in a lacklustre and largely featureless performance.

Profit-takers returned to Brussels and trimmed 4.19 off the Belgian Stock Exchange index to 3,221.20.

Solvay salvaged some of the losses of previous days with a BFr 190 rise to BFr 7,510, while fellow chemical issue UCB retreated BFr 270 to BFr 6,250.

Paris moved lower although the firm undertone prevented any large, or sudden, falls. The response to Peugeot's

STOCKHOLM share prices fell sharply following the surprise announcement by Mr Kjell-Olaf Feldt, Finance Minister in the Social Democratic Government, of plans to double turnover tax on share trading to 2 per cent, writes David Brown in Stockholm.

The increase, expected to raise SKr 1bn (\$140m), is likely to cut turnover levels as investors shift their activity to other, cheaper exchanges where Swedish stocks are traded, such as London.

Bourse capitalisation suffered one of its sharpest falls on record - a 5.3 per cent slump - as market operators quickly reacted to the plan, which comes into effect in July. In January the Finance Ministry emphatically denied that it had any such plans for a higher turnover tax.

Swedish Match was one of the worst casualties with its SKr 37 drop to SKr 225, closely followed by Volvo, down SKr 30 to SKr 300, although Asea added SKr 5 to SKr 355. Ericsson, firmer on Wednesday on news of large Latin American orders, was the most active and retreated SKr 13 to SKr 240.

profit forecast amounted to a FFr 11 dip to FFr 881, while Matra surrendered a hefty FFr 58 of its recent Ariane-inspired gains, to close at FFr 1,790.

Milan received a boost from more institutional buying with Generali L2,011 higher at L8,831. Fiat extended its record setting run and jumped L211 to L8,931.

Madrid touched another peak with a 3.51 advance to 124.26 in the Bourse Index. The construction sector led the rally followed by communications and banks.

SOUTH AFRICA

THE SHARPLY LOWER world bullion price depressed shares in Johannesburg yesterday, but some demand was seen for selected stocks.

Despite news that a two-day-old strike at Vaal Reefs had ended, the issue dropped R3 to R221. Elsewhere in golds, Buffels rose against the market, adding 50 cents to R72.

Elsewhere, Barclays Bank shed 50 cents to R18.75,

LONDON

Institutions inspire run to records

INSTITUTIONAL BUYING pushed leading stocks higher in a hectic session in London yesterday. Dealers were astonished at the weight of the new investment funds which sent the FT-SE 100 20.8 points higher early in the day.

Late profit-taking reduced the gains, and the FT-SE 100 settled 14.9 up at a record 1,549.5. The FT Ordinary share index also peaked at 1,281.5, up 11.3.

Pleasing results from bellwether stock ICI pushed it to 930p before closing 10p higher at 917p.

Glits were aggressively bought. Longer-dated issues recorded gains of 1/2 while short and medium-life issues made similar rises on hopes of lower interest rates in Europe and the US.

Chief price changes, Page 41; Details, Page 40; Share information service, Page 39-39.

HONG KONG

CURRENCY CONCERNS sent Hong Kong sharply lower as European and Japanese funds managers sold shares as the US dollar weakened.

The Hang Seng index dropped 25.79 points to 1,730.51 on turnover which was up at HK\$191m compared with HK\$169.90m the previous session.

The dollar's fall in effect devalues Hong Kong stock investments as the local currency is linked to the US dollar.

Among properties Cheung Kong lost 40 cents to HK\$20.20.

SINGAPORE

NERVOUSNESS in Singapore continued as bankers withdrew credit lines from some financially troubled stockbrokers and rumours circulated that Malaysia's deputy Prime Minister had resigned.

Profit-taking pushed the Straits Times industrial index down 0.31 to 629.55.

In mixed industrials Singapore Airlines moved against the trend to add 10 cents to S\$58.80.

CANADA

INTEREST-SENSITIVE stocks declined in Toronto yesterday as the market reacted cautiously to the deficit-cutting budget announced on Wednesday.

Bell Canada Enterprises, which was hit by continuing high short-term interest rates needed to support the weaker Canadian dollar, gave up a substantial C\$14 to C\$74.

Montreal was also lower, with falls in banks, industrials and utilities.

KEY MARKET MONITORS			
Frankfurt Commerzbank Dec 1, 1993=100		Dow Jones Industrial Average 1927=100	
Paris CAC General Dec 31, 1982=100		FT-Ordinary Share Index 1982=100	
STOCK MARKET INDICES			
NEW YORK	Feb 27	Previous	Year ago
DJ Industrials	1,704.01	1,686.99	1,281.03
DJ Transport	790.36	781.46	631.84
FT Utilities	184.91	183.73	148.08
S&P Composite	225.71	224.04	180.71
LONDON			
FT Ord	1,281.5	1,270.2	979.9
FT-SE 100	1,549.5	1,534.6	1,258.8
FT-A All-shares	752.86	743.92	608.28
FT-A 500	829.97	821.67	683.94
FT-A Mid mines	332.2	337.0	465.5
FT-A Long gilt	9.91	9.97	10.74
TOKYO			
Nikkei	13,642.14	13,621.70	12,287.4
Tokyo SE	1,086.60	1,081.30	976.83
AUSTRALIA			
All Ord	1,041.6	1,047.0	786.8
Metals & Mins.	509.7	520.6	473.2
AUSTRIA			
Credit Aktien	113.23	113.44	74.08
BEELGIUM			
Belgian SE	3,221.20	3,225.39	2,235.86
CANADA			
Toronto	2,197.6	2,198.2	2,077.0
Metals & Mins	2,819.5	2,827.2	2,585.4
Montreal	136.04	136.75	129.82
DENMARK			
SE	232.06	230.76	174.01
FRANCE			
CAC Gen	318.0	320.4	202.5
Ind. Tendance	119.1	120.4	70.7
WEST GERMANY			
FAZ-Aktien	618.34	628.70	402.90
Commerzbank	1,863.6	1,893.7	1,170.8
HONG KONG			
Hang Seng	1,720.51	1,746.30	1,387.62
ITALY			
Banca Com.	562.93	552.30	276.95
NETHERLANDS			
ANP-CBS Gen	242.6	244.0	200.1
ANP-CBS Ind	235.1	236.5	198.3
NORWAY			
Oslo SE	358.40	355.01	326.86
SINGAPORE			
Straits Times	629.55	626.86	625.13
SOUTH AFRICA			
JSE Golds	-	1,214.7	885.6
JSE Industrials	-	1,164.7	860.4
SPAIN			
Madrid SE	124.26	120.76	84.07
SWEDEN			
J & P	1,807.32	1,802.60	1,432.18
SWITZERLAND			
Swiss Bank Ind	556.4	566.2	416.0
WORLD	Feb 28	Prev	Year ago
MS Capital Int'l	279.4	279.6	196.9
COMMODITIES			
(London)	Feb 27	Prev	
Silver (spot fixing)	381.75p	385.55p	
Copper (cash)	\$354.50	\$355.75	
Coffee (Mar)	\$2,542.50	\$2,553.50	
Oil (spot Arabian Light)	n/a	n/a	
GOLD (per ounce)			
(London)	Feb 27	Prev	
London	\$336.50	\$346.75	
Zurich	\$334.50	\$346.25	
Paris (fixing)	\$341.16	\$348.22	
Luxembourg	\$337.75	\$344.00	
New York (Apr)	\$338.00	\$338.50	

* Latest available figures

The Swedes have some rather un-British ways of saving energy.

Sweden is 20°C colder than the UK, yet its average heating costs are 20% lower.

And it's not simply a case of lagging, sealing and triple-glazing. (Although naturally these things are important to a people who like to sit around with nothing on.)

It's also a question of energy technology, a field in which Sweden leads the world.

Most Swedish homes, for example, are timber-framed - which means that they are heat-efficient right from the start. And many houses now receive district heating, a source of domestic energy 10% cheaper than natural gas. (It's cleaner and more reliable too.)

But even greater savings have been made in industry. New control systems, and techniques such as the recovery of process heat, have helped cut oil consumption by 50% since 1973. Energy managers have never been so energetic.

Of course, they've used alternative sources of energy. Coal, bio-fuels, heat-pumps - even rubbish. (Refuse burns very efficiently in a fluidised bed-boiler.)

The experience and technology behind all this is available now to the UK. When Peter Walker tells us that we can make up to £7bn a year in energy savings, shouldn't we be talking to the Swedes?

For more of the bare facts, connect the address or phone number below.

SWEDISH TRADE COUNCIL

SWEDISH INDUSTRIAL ENERGY ADVISORY SERVICE (Industrial enquiries)

SWEDISH HOUSE FEDERATION OF THE UK (Building enquiries)

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